

## Replacement compliance plan

Westlawn Income Fund ARSN 639 742 288 (**Scheme**)

Westlawn Financial Services Limited ACN 141 420 920 AFSL 518648  
(**Responsible Entity**)

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# Replacement Compliance Plan

Dated 25 October 2023

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## Part A - Compliance Plan Overview

### 1 Description of the Scheme

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#### 1.1 Key Features of the Scheme

- (a) The Scheme is a unit trust established by deed dated on or around 12 March 2020 as amended from time to time.
- (b) The Scheme is a registered managed investment scheme which will operate as a pooled mortgage scheme and will raise funds to invest in mortgages over real property, chattel mortgages, finance leasing and other interest bearing financial assets.
- (c) Potential investors will be asked to submit applications to the Responsible Entity along with their investment money to subscribe for units, pursuant to a product disclosure statement (**PDS**).
- (d) Westlawn Financial Services Limited ACN 141 420 920 is the responsible entity of the Scheme. The Responsible Entity is wholly responsible for the operations and well-being of the Scheme. The Responsible Entity may outsource any functions but it cannot delegate its responsibilities for the Scheme and remains at all times responsible for the actions of any entity it may outsource its functions to.
- (e) The promotion and sale of interests in the Scheme to Unitholders is by way of a PDS. The offer of interests in the Scheme remains open so long as there is a current PDS or until the Responsible Entity closes the offer.
- (f) The Responsible Entity issues interests to Unitholders once application money is accepted. The Responsible Entity invests application money in authorised investments, under the parameters specified in the Constitution and PDS.

#### 1.2 Outsourcing arrangements

- (a) The Responsible Entity is outsourcing some of its operating activities including:
  - (i) investment management – external service provider;
  - (ii) legal services - external service provider; and
  - (iii) auditing - external service provider.
- (b) These outsourcing arrangements are documented in written agreements.

## 2 Definitions

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### 2.1 Definitions

In this document:

<b>Term</b>	<b>Definition</b>
<b>AFSL</b>	means an Australian Financial Services Licence granted to the Responsible Entity by ASIC authorising the Responsible Entity to provide various financial services.
<b>AFSL Auditor</b>	means the registered company auditor appointed by the Responsible Entity under part 7.6 Corporations Act to audit the AFSL.
<b>Application Account</b>	means the account created and established specifically to hold the application monies received in respect of the Scheme.
<b>Approved Valuer</b>	means any person or firm appointed or accepted by the Responsible Entity, to value any property who is independent of the Responsible Entity and includes a person employed or engaged by a company or firm and who: (a) is authorised to practise as a valuer or licensed real estate agent under any law of the State or Territory where the valuation takes place; and (b) has experience in valuation.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASIC relief</b>	means any declaration or modification made or exemption granted by ASIC at any time and continuing in force and applicable to the Scheme.
<b>Assets</b>	means all assets of the Scheme which are, or would be, recognised as assets of the Scheme by the application of generally accepted accounting principles.
<b>Associated Entities</b>	has the meaning given by section 50AAA of the Corporations Act.
<b>Board</b>	means the board of Directors of the Responsible Entity.
<b>Breach Report</b>	means the template report set out at Schedule 4.
<b>CFO</b>	means Chief Financial Officer of the Responsible Entity or an Associated Entity or equivalent appointment from time to time.
<b>CO</b>	means the compliance officer appointed to oversee the Responsible Entity's compliance with the Constitution, Compliance Plan and AFSL conditions.
<b>Company Secretary</b>	means the company secretary of the Responsible Entity.
<b>Complaints Register</b>	means the register created to record all complaints received and dealt with by the Dispute Resolution Officer.
<b>Compliance Committee</b>	means the Compliance Committee of the Scheme established under section 601JA Corporations Act.
<b>Compliance Committee Member</b>	means a member of the Compliance Committee appointed by the Responsible Entity in respect of the Scheme.

<b>Term</b>	<b>Definition</b>
<b>Compliance Plan</b>	means this compliance plan as it applies from time to time in relation to the Scheme.
<b>Compliance Plan Auditor</b>	means the registered company auditor appointed by the Responsible Entity under chapter 5C.2 Corporations Act to perform the role set out in section 9 of this Compliance Plan.
<b>Compliance Rule</b>	means each of the compliance tasks listed in section 0 of this Compliance Plan.
<b>Constitution</b>	means the constitution of the Scheme as amended from time to time.
<b>Continuous Disclosure Obligations</b>	means any applicable continuous disclosure or notification of material changes and significant events obligations under the Corporations Act in relation to the Scheme.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Custodian</b>	means the custodian as appointed by the Responsible Entity from time to time.
<b>Director</b>	means a director of the Responsible Entity.
<b>Disaster Recovery Plan</b>	means the recovery plan which outlines the process and procedures to prevent and recover from any incident which may lead to a loss of data relating to the Scheme.
<b>Disclosure Document</b>	means an offer document relating to the issue of interests in the Scheme, including the PDS.
<b>Dispute Resolution Officer</b>	means the officer nominated under the Internal Dispute Resolution Procedural Program.
<b>Distributions</b>	means the Unitholders' entitlement to distributions from the Scheme as determined by the Constitution.
<b>External Member</b>	has the meaning given to that term in section 601JB Corporations Act.
<b>External Service Providers</b>	means persons providing major services as agent or delegate for the Responsible Entity in relation to the Scheme from time to time.
<b>Income</b>	means, for any period, the income of the Scheme as determined under the Constitution.
<b>Internal Dispute Resolution Procedural Program</b>	means the Internal Dispute Resolution Procedural Program of the Responsible Entity.
<b>Investment</b>	means any investment made by the Responsible Entity on behalf of the Scheme.
<b>Investment Manager</b>	means the person appointed to that position by the Responsible Entity from time to time.
<b>Liquid</b>	has the meaning given to that term by section 601KA Corporations Act.
<b>MD</b>	means Managing Director of the Responsible Entity or equivalent appointment from time to time.



<b>Term</b>	<b>Definition</b>
<b>Organisational Structure</b>	means the structure of the Responsible Entity which for the time being is set out in Schedule 1.
<b>PDS</b>	means the product disclosure statement for the Scheme.
<b>Register</b>	means the register of Unitholders.
<b>Registrar</b>	means the person responsible for maintaining the Register.
<b>Related Party</b>	in relation to the Responsible Entity, has the meaning given to that term in part 5C.7 Corporations Act and under Schedule 5.
<b>Responsible Entity</b>	means the responsible entity of the Scheme, Westlawn Financial Services Limited ACN 141 420 920.
<b>Responsible Manager</b>	means any person appointed to act as a Responsible Manager for the Responsible Entity for the purposes of the Responsible Entity's AFSL.
<b>Responsible Officer</b>	means a Staff member of the Responsible Entity or any other person who is given responsibility for ensuring compliance with a Compliance Rule.
<b>Scheme</b>	means Westlawn Income Fund ARSN 639 742 288.
<b>Scheme Auditor</b>	means the registered company auditor appointed by the Responsible Entity to review the financial accounts of the Scheme in accordance with chapter 2M Corporations Act.
<b>Staff</b>	means persons employed by the Responsible Entity or any of its Associated Entities, whose services are directly provided to the Responsible Entity for its operations of the Scheme.
<b>Unitholder</b>	has the meaning given to that term in the Constitution.

## 2.2 Interpretation

In this document:

- (a) a reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules or annexures;
- (b) a reference to a party to this document or any other document or agreement includes the party's successors, permitted substitutes and permitted assigns;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a document or agreement (including a reference to this document) is to that document or agreement as amended, supplemented, varied or replaced;
- (e) a reference to this document includes the agreement recorded by this document;
- (f) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (g) if any day on or by which a person must do something under this document is not a Business Day, then the person must do it on or by the next Business Day;
- (h) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (i) a reference to 'month' means calendar month;
- (j) a reference to '\$' or 'dollar' is to Australian currency;
- (k) as titles used in this Compliance Plan may from time to time differ from the titles of the relevant Staff, the Responsible Entity will designate internally which Staff hold the appropriate role and responsibility as provided in this Compliance Plan; and
- (l) unless otherwise specified, other terms used but not defined have the meanings given to those terms by the Corporations Act.

### **3 Compliance Plan**

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#### **3.1 Description**

- (a) This Compliance Plan has been prepared under and complies with sections 601HA and 601FC of the Corporations Act and ASIC Regulatory Guide 132 — *Funds management: Compliance and oversight (RG 132)*.
- (b) The Board of the Responsible Entity has approved and adopted this Compliance Plan to be used by the Scheme in compliance with the Constitution.
- (c) The Board has approved the lodgement of this plan with ASIC.

#### **3.2 Purpose of this Compliance Plan**

- (a) This Compliance Plan sets out the key processes, systems and measures the Responsible Entity applies to ensure compliance with its AFSL and the requirements of:
  - (i) the Corporations Act;
  - (ii) the Constitution;
  - (iii) ASIC Regulatory Guides;
  - (iv) the conditions of the Responsible Entity's AFSL;
  - (v) the industry standards relevant to the Scheme;
  - (vi) its internal organisational standards and culture; and
  - (vii) any Disclosure Documents.
- (b) The Compliance Plan does not describe in detail all aspects of the systems and processes which the Responsible Entity maintains to ensure compliance with the Corporations Act and the Constitution. Instead, the Compliance Plan is a 'how to' document, providing detail on:

- (i) the obligations which must be met by the Responsible Entity;
  - (ii) what measures or procedures are in place to comply with these obligations;
  - (iii) how compliance with those measures and procedures is monitored; and
  - (iv) how those measures are updated.
- (c) This Compliance Plan also details the risks of not complying with these obligations, and how breaches are to be reported and addressed. The description of measures in place allows Staff with compliance responsibilities to identify what procedures they are responsible for monitoring and how often they have to report on compliance with those measures.
- (d) This Compliance Plan must be integrated into the operations of the Scheme and its use is not optional.
- (e) The Responsible Entity seeks to achieve a compliance culture where all Staff are responsible for compliance, and immediately report and address breaches as far as practicable. The Responsible Entity wants Staff to not only do the right thing, but also know how to do it. Failure to report a breach or reportable situation is treated seriously and as such, the Responsible Entity adopts a no blame policy for breaches but not so in relation to a failure to report.

### **3.3 Compliance Plan structure**

- (a) This Compliance Plan is structured to be made up of three key parts.
- (i) Part A - Compliance Plan Overview
 

Part A, this part, provides an overview of the Responsible Entity's compliance arrangements as well as a description of the Scheme.
  - (ii) Part B - Group Compliance Controls
 

Part B outlines how the Responsible Entity will manage group compliance risks and controls including:

    - requirements that apply Because the Responsible Entity is an AFS Licensee, including:
      - financial resource requirements;
      - complaints handling;
      - detecting and reporting breaches; and
      - competency requirements.
    - procedures related to the management of staff, finances and other issues at the group level, including:
      - directors and compliance committee risk measures;
      - training, recruitment and authorised representatives;

- cyber resilience and business continuity;
- accounts and record keeping; and
- disclosure and reporting.

(iii) Part C - Scheme Specific Compliance Controls

Part C outlines how the Responsible Entity will manage Scheme specific risks including:

- Scheme specific regulatory and compliance requirements
- Asset valuation and insurance requirements;
- Scheme financial management requirements, including:
  - income and trust distributions;
  - fees and expenses; and
  - unit pricing;
- procedures relating to the making of investments;
- record keeping and regulatory disclosures;
- Scheme promotion;
- Constitution and Compliance Plan amendments;
- meetings of Scheme members; and
- design and distribution obligations.

(b) The methodology in managing Group level risks and Scheme specific risks separately has been developed in reference to the approach outlined in RG 132. In doing so:

- (i) the Responsible Entity has appointed particular Responsible Officers to carry out procedures identified in this Compliance Plan, either personally or through their Staff;
- (ii) those Responsible Officers have primary responsibility for performing the procedures of the Responsible Entity, however, if such persons are prevented from performing that procedure, then the procedure may be performed by a different office holder for the Responsible Entity;
- (iii) Responsible Officers with primary responsibility for procedures report to the CO in respect of their duties, and in particular, any systemic breaches within the operations of the Responsible Entity discovered during the performance of their duties; and
- (iv) the CO must action those reports and breaches in order to achieve the performance of the duties. The CO must also report regularly to the Board in respect of the performance of the procedures and the rectification of breaches.

- (c) The Responsible Entity wants to achieve a compliance culture where each staff member owns compliance, and immediately reports and addresses significant breaches and other reportable situations as far as practicable.

### **3.4 Plan distribution**

- (a) The CO is responsible for:
  - (i) circulating copies of the Compliance Plan to new and existing employees of the Responsible Entity;
  - (ii) co-ordinating compliance training programs; and
  - (iii) training and updating employees on the requirements of the Compliance Plan in so far as the Plan impacts upon the performance of the employment duties of each employee.
- (b) Each employee is required to:
  - (i) be familiar with the contents of this plan with respect to the aspects of the Compliance Plan that relate to the performance of each employee's employment duties;
  - (ii) maintain a continuous review of the Compliance Plan with respect to the aspects of the Plan that relate to the performance of each employee's employment duties; and
  - (iii) report any breaches of the Compliance Plan that the employee becomes aware of.

### **3.5 Reporting breaches**

The Responsible Entity, the CO and the Compliance Auditor are obliged to immediately notify each other of any breach of the Compliance Plan they respectively detect or become aware of and where necessary will report the breach to ASIC.

### **3.6 How to read this Compliance Plan**

- (a) This Compliance Plan is structured in such a way that it clearly identifies the responsibilities for risk controls that must be complied with and the risk of non-compliance with that obligation. The procedures described are the processes used by the Responsible Entity to meet that obligation. The Compliance Plan identifies the person responsible for complying with those procedures. The frequency of reporting is also stated.
- (b) It is vital that users of this Compliance Plan understand their role in its effective implementation. There are several sections of the Compliance Plan that must be read by all users of this document in order to understand fully their responsibilities.

### **3.7 Recognising that detail may be elsewhere**

- (a) The Board, the Compliance Committee, Responsible Officers or the CO may recommend any form of manuals, controls, structures or procedures for the Responsible Entity, which

set out in greater detail any matters addressed by this Compliance Plan. They may be adopted, replaced or updated from time to time by the Compliance Committee.

- (b) Those manuals, controls, structures or procedures are not and do not become, by that approval or otherwise, part of this Compliance Plan.

### **3.8 Delegation**

A Responsible Officer may delegate his or her functions to another person, but remains responsible for that person acting in their place.

### **3.9 Scope of the Compliance Plan**

This Compliance Plan contains descriptions of the compliance and procedures of the Responsible Entity and all other information on a level of detail that has been understood from the ASIC requirements for a Compliance Plan.

### **3.10 Amending the Compliance Plan**

- (a) The Compliance Plan is under regular and ongoing review and recommendations for any amendments are put to the Board and Compliance Plan Auditor as required from time to time.
- (b) The Responsible Entity may modify the Compliance Plan or repeal it and replace it with a new Compliance Plan in accordance with the Constitution and this Compliance Plan. The Responsible Entity must immediately notify in writing the CO of any modification, or repeal and replacement.
- (c) ASIC may direct the Responsible Entity to modify the Plan to ensure that the Plan is consistent with section 601HA of the Act. Such direction is to be given by notice in writing by ASIC to the Responsible Entity.

The Responsible Entity must lodge with ASIC a copy of a modification of the Compliance Plan or, if the Compliance Plan is repealed, a copy of a replacement of the Compliance Plan with a new Compliance Plan within 14 days after any modification is made, or the former Compliance Plan is repealed Each Director of the Responsible Entity must sign the copy.

## **4 The Responsible Entity**

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### **4.1 Structure of the Responsible Entity**

A flowchart of the management structure of the Responsible Entity is included at Schedule 1 to this Compliance Plan. The Compliance Committee reports directly to the Board of Directors.

### **4.2 Duties of the Responsible Entity**

In exercising its powers and carrying out its duties, the Responsible Entity must comply with part 5C.2 Corporations Act, including to:

- (a) act honestly;
- (b) exercise the degree of care and diligence that a responsible person would exercise if they were in the Responsible Entity's position;

- (c) act in the best interests of the Unitholders and, if there is a conflict between the Unitholders' interests and its own interests, give priority to the Unitholders' interests;
- (d) treat the Unitholders who hold interests of the same class equally and Unitholders who hold interests of different classes fairly;
- (e) not make use of information acquired through being the Responsible Entity in order to:
  - (i) gain an improper advantage for itself or another person; or
  - (ii) cause detriment to the Unitholders of the Scheme;
- (f) ensure that the Constitution meets the requirements of sections 601GA and 601GB Corporations Act;
- (g) ensure that the Compliance Plan meets the requirements of section 601HA Corporations Act;
- (h) comply with the Compliance Plan;
- (i) ensure that Scheme property is:
  - (i) clearly identified as Scheme property; and
  - (ii) held separately from property of the Responsible Entity and property of any other Scheme;
- (j) ensure that the Scheme property is valued at regular intervals appropriate to the nature of the property;
- (k) ensure that all payments out of the Scheme property are made in accordance with the Constitution and the Corporations Act;
- (l) report to ASIC any breach of the Corporations Act that:
  - (i) relates to the Scheme; and
  - (ii) has had, or is likely to have, a materially adverse effect on the interests of Unitholders,

as soon as practicable after it becomes aware of the breach; and
- (m) carry out or comply with any other duty, not inconsistent with the Corporations Act, that is conferred on the Responsible Entity by the Constitution<sup>1</sup>.

## **5 The Compliance framework**

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### **5.1 Compliance**

- (a) The Responsible Entity has in place a detailed framework to identify, control, report and manage compliance and business obligations, and ensure that the interests of Unitholders of the Scheme are protected. The framework includes:

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<sup>1</sup> Section 601FC Corporations Act.

- (i) this Compliance Plan;
  - (ii) unit pricing policy;
  - (iii) Internal Dispute Resolution Procedural Program;
  - (iv) anti-money laundering and counter terrorism financing program;
  - (v) Compliance Committee and Board reporting;
  - (vi) Staff training;
  - (vii) formal External Service Provider agreements; and
  - (viii) compliance checklists as completed by Staff where required.
- (b) You should refer to the organisational structure chart in Schedule 1 when reading this Compliance Plan.

## **5.2 Compliance Program**

- (a) The Compliance Program is the system of compliance documented in this Plan. The Compliance Plan and compliance framework has been prepared with AS ISO 37301:2023 as a benchmark.
- (b) The Compliance Program ensures all employees maintain the highest ethical and performance standards in the management of the Scheme.
- (c) The Compliance Program covers all the operations of the Responsible Entity, including as Responsible Entity of the Scheme.
- (d) The key elements of the Compliance Program are:
  - (i) systems and procedures;
  - (ii) segregation of incompatible duties;
  - (iii) training;
  - (iv) exception reporting; and
  - (v) auditing.
- (e) The officers and employees of the Responsible Entity perform various operations that conform with documented procedures which address these requirements in the management of the Scheme.



## **6 The Board**

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### **6.1 Independent board**

The Responsible Entity is not required under section 601JA of the Corporations Act to appoint a Compliance Committee if it has a majority of external directors on the Board who comply with section 601JA(2) of the Corporations Act.

### **6.2 External directors of the Board**

- (a) An external director is a person who:
- (i) is not, and has not been in the previous 2 years, an employee of the Responsible Entity or a related body corporate;
  - (ii) is not, and has not been in the previous 2 years, an executive officer of a related body corporate;
  - (iii) is not, and has not been in the previous 2 years substantially involved in business dealings or in a professional capacity with the Responsible Entity or a related body corporate;
  - (iv) is not a member of a partnership that is, or has been in the previous 2 years substantially involved in business dealings, or in a professional capacity, with the Responsible Entity or a related body corporate;
  - (v) does not have a material interest in the Responsible Entity or a related body corporate; and
  - (vi) is not a relative or de facto partner who has a material interest in the Responsible Entity or a related body corporate.<sup>2</sup>
- (b) Each external director declares compliance with this provision annually.
- (c) Each director is required to disclose any interest by completing the appropriate form and, where relevant, satisfy the 'externality test' in section 601JA of the Act.
- (d) The Responsible Entity must establish a Compliance Committee under section 601JA(1) of the Act if at any time the external requirements for the majority of the Board cannot be fulfilled.

### **6.3 Board's role**

The Board is responsible for:

- (a) the effective management of the Scheme;
- (b) appointment of the CO, Compliance Auditor, Scheme Auditor and the Responsible Managers;
- (c) reviewing reports from the CO, the Compliance Auditor, the Scheme Auditor, the Accounts Manager and the Scheme Manager;

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<sup>2</sup> Section 601JA Corporations Act.

- (d) assessing the outcomes of the reports and determining any action to be undertaken by the Responsible Managers; and
- (e) maintaining the integrity of the Scheme and implementing any amendment to the Scheme to ensure that integrity is maintained.

#### **6.4 Board meetings**

- (a) The Board meets quarterly, or more frequently if necessary, to discuss business and compliance issues.
- (b) The CO submits quarterly reports to the Board to coincide with the Board Meetings.

## **7 The Compliance Committee**

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### **7.1 Establishment**

If at any point in time less than half the members of the Board are external directors (as defined in the Corporations Act) then the Responsible Entity must establish a Compliance Committee within 14 days after it is required to do so or any other period ASIC may agree in writing.<sup>3</sup>

### **7.2 Functions<sup>4</sup>**

- (a) The functions of the Compliance Committee are to:
  - (i) monitor to what extent the Responsible Entity complies with the Compliance Plan and report its findings to the Directors when it considers necessary or desirable or as the Directors require<sup>5</sup>;
  - (ii) as soon as practicable report to the Board any breach of the Corporations Act involving the Scheme or a provision of the Constitution of which it becomes aware or that it suspects<sup>6</sup>;
  - (iii) as soon as practicable report to ASIC if the Compliance Committee is of the view that the Responsible Entity has not taken or does not propose to take appropriate action to deal with any matter so reported<sup>7</sup>;
  - (iv) assess annually (unless otherwise decided by the Compliance Committee) whether the Compliance Plan is adequate;
  - (v) report on the adequacy of, and make recommendations to the Board about amendments to, the Compliance Plan when it considers necessary or desirable<sup>8</sup>;
  - (vi) do other things that the Corporations Act requires.

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<sup>3</sup> Section 601JA Corporations Act

<sup>4</sup> Section 601JC Corporations Act

<sup>5</sup> Section 601JC(1)(a) Corporations Act

<sup>6</sup> Section 601JC(1)(b) Corporations Act

<sup>7</sup> Section 601JC(1)(c) Corporations Act

<sup>8</sup> Section 601JC(1)(d) Corporations Act

- (b) In carrying out its functions, the Compliance Committee may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of the Responsible Entity and with the prior approval of the Board<sup>9</sup>.

### **7.3 Membership**

- (a) The Board is responsible for the appointment of the Compliance Committee Members. There must be at least three Compliance Committee Members at all times, and the majority of them must be External Members under section 601JB(2) of the Act.
- (b) The CO is the secretary of the Compliance Committee and can be a member of the Compliance Committee if appointed by the Board.

### **7.4 Period of appointment of Compliance Committee members**

- (a) The initial period of appointment for each external member of the Compliance Committee will be 12 months. The term of the appointment may be extended upon mutual agreement by the member of the Compliance Committee and the Responsible Entity.
- (b) The member of the Compliance Committee may resign from his/her position upon the provision of 1 month's notice to the Responsible Entity or such shorter notice as allowed by the Responsible Entity.
- (c) The Board must, if required by the Corporations Act, replace a member of the Compliance Committee:
  - (i) at the expiration of the period of appointment under clause 7.4(a);
  - (ii) if that member has resigned under clause 7.4(b);
  - (iii) after 14 days' written notice to the member of the Compliance Committee as a result of the member failing to meet the externality test under section 601JB3(1) of the Act;
  - (iv) after 14 days' written notice to the member of the Compliance Committee as a result of the member failing to comply with his/her duties to the Responsible Entity under the Act;
  - (v) otherwise, in accordance with the terms of the contract entered into by the member of the Compliance Committee with the Responsible Entity.

Such replacement must be made within 14 days provided that the incumbent member of the Compliance Committee shall remain a member of the Compliance Committee until the 14 day notice period ends.

### **7.5 Replacement**

If a Compliance Committee Member resigns, is removed, becomes unable to act, or ceases to be an External Member so that:

- (a) there would be less than three Compliance Committee Members; or
- (b) the majority of the Committee Members would not be External Members,

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<sup>9</sup> Section 601JC(2) Corporations Act

then the Board must, if the Corporations Act requires and within the time prescribed by the Corporations Act, appoint another person to the position. A person may not be appointed to the Compliance Committee unless he or she consents to the appointment.

#### **7.6 Removal**

The Board may remove a Compliance Committee Member by giving 14 days' notice to that Compliance Committee Member.

#### **7.7 Retirement**

A Compliance Committee Member may retire by giving one month's notice to the Compliance Committee and the Board.

#### **7.8 Alternates**

A Compliance Committee Member may nominate a person to be their alternate member. If the Compliance Committee Member is an External Member, the alternate must qualify as an External Member. Any alternate Compliance Committee Member must be a person acceptable to the Board.

#### **7.9 Delegating functions**

A Compliance Committee Member may delegate his or her functions to another person, but remains responsible for that person acting in their place.

#### **7.10 Duties of Compliance Committee Members<sup>10</sup>**

- (a) To the extent that the Corporations Act and ASIC policy requires, the Compliance Committee Members must:
  - (i) act honestly;
  - (ii) exercise the degree of care and diligence that a reasonable person would exercise if they were in the Compliance Committee Member's position;
  - (iii) not make use of information acquired through being a Compliance Committee Member to either gain an improper advantage for the Compliance Committee Member or another person or cause detriment to Unitholders;
  - (iv) not make improper use of their position as a Compliance Committee Member to gain (directly or indirectly) an advantage for themselves or for any other person or cause detriment to the Unitholders; and
  - (v) do other things that the Corporations Act requires them to do, and not do things it prohibits them from doing.
- (b) A Compliance Committee Member must take all reasonable steps to assist ASIC in carrying out a surveillance check under subsection 601FF(1) Corporations Act<sup>11</sup>. The CO ensures that relevant staff are adequately trained on how to deal with ASIC officers or officers of other Government regulatory bodies who enter the Responsible Entity's premises including but not limited to the examination of any warrant proffered to gain entry to the premises and who to contact in that event.

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<sup>10</sup> Section 601JD Corporations Act

<sup>11</sup> Section 601JD(2) Corporations Act

### **7.11 Chair**

- (a) At each meeting, the Compliance Committee Members present must elect a chair who must be a Compliance Committee Member, but the Compliance Committee Members may appoint a chair for a term and terminate that appointment at any time.
- (b) The chair must be an external Member if there are only two Members present at a meeting.
- (c) Subject to this Compliance Plan, the chair may decide the manner in which a meeting of Compliance Committee Members is regulated.<sup>12</sup>
- (d) The decision of the chair on any matter relating to the conduct of the meeting is final.

### **7.12 Adjournment**

The chair has power to adjourn a meeting for any reason to another place and time that he or she thinks fit.

### **7.13 Attendees**

Any member of the Board, officer of the Responsible Entity, the Scheme Auditor or the Compliance Plan Auditor, and any invitee of any member of the Board or of any Compliance Committee Member, may attend and speak at a Compliance Committee meeting.

### **7.14 Quorum**

- (a) The quorum for a meeting of Compliance Committee Members is two members, as long as at least one of them is an External Member.
- (b) If a quorum is not present within 15 minutes after the time set for the meeting, the meeting is adjourned to another place and time that the Compliance Committee Members present decide.
- (c) Notice of the time and place for the adjourned meeting must be given to all Compliance Committee Members.
- (d) At any adjourned meeting, those Compliance Committee Members present in person or by proxy constitute a quorum.

### **7.15 Minutes, reports and recommendations**

- (a) The chair must ensure that minutes of Compliance Committee meetings and records of its reports and recommendations are kept, and a copy of any of them signed by the chair is taken to be a true record unless the contrary is proved.
- (b) The minutes and records must be available to Compliance Committee Members, the Directors, the Scheme Auditor and the Compliance Plan Auditor.

### **7.16 Meeting frequency**

The Compliance Committee must meet at least quarterly, unless the Compliance Committee Members agree it is not necessary for a particular period.

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<sup>12</sup> Section 601JH(1) Corporations Act

### **7.17 Meeting method**

- (a) The Compliance Committee meetings may be held using any technology agreed by all the Compliance Committee Members, for example, internet relay chat or video or voice conference.
- (b) The Compliance Committee may make recommendations without a Compliance Committee meeting being held if all the Compliance Committee Members sign a document containing a statement that they are in favour of the recommendation set out in the document.
- (c) Separate copies of a document may be used for signing by Compliance Committee Members if the wording of the resolution and statement is identical in each copy. The recommendation is made by the Compliance Committee when the last Compliance Committee Member signs the document.

### **7.18 Convening meetings**

Any Compliance Committee Member may convene a meeting of the Compliance Committee on five business days notice or any shorter time that the other Compliance Committee Members agree. If a Compliance Committee Member does not receive notice (including if notice was accidentally omitted to be given to them) the meeting is not invalidated. However, that Compliance Committee Member must be informed of that omission as soon as reasonably practicable after the officers of the Responsible Entity become aware of that fact.

### **7.19 Voting on issues**

Voting at a meeting of the Compliance Committee is by simple majority. The chair has a casting vote. No objection may be made to any vote cast unless the objection is made at the meeting.

### **7.20 Disclosure of interests**

A Compliance Committee Member must disclose to the next meeting of the Compliance Committee after he or she becomes aware of:

- (a) a direct or indirect pecuniary interest that they have in a matter being considered or about to be considered by the meeting if it could conflict with the proper performance of their duties to consider the matter; and
- (b) other things (if any) that the Corporations Act requires,

and the disclosure must be recorded in the minutes.

### **7.21 Dealing with ASIC<sup>13</sup>**

A Compliance Committee Member must take all reasonable steps to assist ASIC in carrying out surveillance checks under section 601FF Corporations Act.

### **7.22 Indemnification of members**

Subject to the Corporations Act, the Responsible Entity may agree that a Compliance Committee Member is to be indemnified by the Responsible Entity (itself or through a related entity)<sup>14</sup>.

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<sup>13</sup>Section 601JD(2) Corporations Act.

<sup>14</sup> The Corporations Act limits the Manager's indemnification of compliance committee members – see section 601JF.

### **7.23 Insurance of members**

Subject to the Corporations Act, the Responsible Entity or a related body corporate (directly or through a related entity) may pay or agree to pay a premium for a contract of insurance insuring a Compliance Committee Member<sup>15</sup>.

### **7.24 Remuneration of members**

The Compliance Committee Members are entitled to the remuneration that the Board decides from time to time.

### **7.25 Resources**

The Compliance Committee must inform the Board if it believes that it does not have adequate resources or access to information to enable it to perform properly its functions as a committee.

### **7.26 Terminating the Compliance Committee**

- (a) The Board may advise the Compliance Committee in writing that the Compliance Committee is no longer appointed to act for the Scheme if the Corporations Act does not require a Compliance Committee for the Scheme.
- (b) The Compliance Committee for the Scheme ceases to be appointed for the Scheme on completion of the winding up of the Scheme.

### **7.27 Access to records and information**

- (a) If ASIC directs the Responsible Entity, or if the Corporations Act otherwise requires the Responsible Entity, to give ASIC information about the arrangements contained in this Compliance Plan, and compliance with it, the Compliance Committee must ensure that (as soon as it is aware of the direction) the information is given as soon as practicable.
- (b) The Compliance Committee is entitled to have access to the accounting records of the Scheme, the Scheme Auditor and Compliance Plan Auditor and to any other information that is relevant to assessing the Responsible Entity's compliance with the Compliance Plan, Constitution, AFSL conditions and the Corporations Act.

### **7.28 Advising of changes to the Compliance Plan**

The Compliance Committee must ensure that copies of this Compliance Plan and any amendments to the Compliance Plan are given to each Responsible Officer.

### **7.29 Form of reports**

- (a) The Compliance Committee may decide the form of any report from a relevant Responsible Officer or Staff concerning his or her relevant functions as identified in this Compliance Plan. A report need not be in writing.
- (b) The report must contain details of issues reviewed and addressed by the CO since the last Compliance Committee meeting and include reports on the following issues:
  - (i) complaints received;

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<sup>15</sup> The Corporations Act limits the Manager's payment of insurance premiums for compliance committee members – see section 601JG.

- (ii) correspondence with ASIC;
- (iii) net tangible assets, statements of cash flows and other liquidity requirements stipulated in the Responsible Entity's AFSL; and
- (iv) details of any reported breaches of compliance, including what steps the CO has taken to remedy the breaches.

### **7.30 Advice**

The Compliance Committee Members may commission advice or assistance, if the Corporations Act permits, to assist in discharging their obligations at the reasonable expense of the Scheme with the prior approval of the Board.

## **8 The CO**

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### **8.1 Overview of the role**

- (a) The CO will be a senior officer with sufficient skill and experience to undertake the specific tasks of compliance within the operation of the Scheme.
- (b) The CO will have specific responsibilities for compliance in relation to the Scheme.
- (c) The CO ensures adequate internal systems and controls have been implemented to ensure compliance with this Compliance Plan, the Corporations Act, the Scheme's Constitution, the Responsible Entity's AFSL, and internal and industry standards.
- (d) The CO is also required to promote a compliance culture within the organisation and among the Responsible Entity's External Service Providers. The CO is primarily responsible for reviewing compliance on an ongoing basis, providing or facilitating training, reporting on compliance matters, including breaches, to the Compliance Committee and acting on recommendations of the Compliance Committee. The CO can refer these matters to the Board or ASIC if necessary.

### **8.2 Qualifications, reporting line, frequency and format of reporting**

The CO must have appropriate experience in the industry and report directly to the Compliance Committee quarterly or more frequently as required.

### **8.3 Duties of the CO**

The CO must:

- (a) act honestly;
- (b) exercise the degree of care and diligence of a reasonable person;
- (c) not make use of information acquired through being a CO in order to:
  - (i) gain an improper advantage for the CO or another person; and
  - (ii) cause detriment to the Responsible Entity, the Scheme or the Members; and
- (d) not make improper use of the position as CO to gain, directly or indirectly, an advantage for them or for any other persons or to cause detriment to the Scheme or the Members.



- (e) carry out its duties in a manner consistent with the Corporations Act and the Constitution.

#### **8.4 Responsibilities of the CO**

- (a) This Plan aims to give the CO of the Scheme a clear view of systems in place in operating the Scheme, and the Responsible Entity's reporting framework.
- (b) The CO's specific roles and duties are to:
  - (i) monitor to what extent the Responsible Entity complies with the Scheme's Plan and to report on its findings to the Board;
  - (ii) report to the Board any breaches of the Act which involve the Scheme and any breaches of the Constitution (section 60I GA) of which the CO becomes either aware or suspicious;
  - (iii) report to ASIC if the CO is of the view that the Board has not taken or does not propose to take appropriate action to deal with a matter reported as a breach referred to in paragraph 5.7(b)(ii) above;
  - (iv) assess at regular intervals whether the Plan is adequate, report to the Board on that assessment and to make recommendations to the Board about any changes that it considers should be made to the Plan;
  - (v) provide all reasonable assistance for compliance purposes to ASIC and the Compliance Auditor; and
  - (vi) uphold the ethical requirements of the Board.
- (c) The functions of the CO must include the following:
  - (i) monitor to what extent the Responsible Entity complies with the Plan;
  - (ii) report on its findings regarding the extent of such compliance to the Compliance Committee and the Board;
  - (iii) report any breach of the Act involving the Scheme to the Compliance Committee and the Board;
  - (iv) report any breach of the provisions included in the Constitution, in accordance with section 601GA of the Corporations Act, that the CO becomes aware of, or suspects, to the Compliance Committee and the Board;
  - (v) report to ASIC if the CO is of the view that the Responsible Entity has not taken or does not propose to take appropriate action to deal with any breach of the Act involving the Scheme or of the provisions in the Constitution;
  - (vi) assess quarterly whether the Plan is adequate and to report accordingly to the Compliance Committee and the Board;
  - (vii) make recommendations to the Compliance Committee and the Board about changes that the CO considers should be made to the Plan;
  - (viii) take all reasonable steps to assist ASIC in carrying out a check under section 601FF of the Act; and

- (ix) provide all reasonable assistance to the Scheme Auditor.

## **8.5 Reports and recommendations of the CO**

- (a) The CO must report quarterly to the Responsible Entity 1 week before each quarterly meeting of the Board of the Responsible Entity. The written report must contain all information and recommendations deemed necessary by the CO.
- (b) The CO's reports and recommendations shall be considered at the next meeting of the Board. The Board meeting must be convened to consider the quarterly reports (and any other report prepared and considered by the CO to require urgent consideration) within 21 days of the report being submitted to the Responsible Entity by the CO.
- (c) The Board will provide the CO after each meeting with the meeting minutes relevant to the Scheme and its decisions made in relation to the matters contained in the CO's report and recommendations.

## **8.6 Delegation**

The CO may delegate his or her functions to another person, but remains responsible for that person acting in their place.

# **9 Role of audit**

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## **9.1 Role of audit**

- (a) The Responsible Entity must ensure that at all times a Compliance Plan Auditor is engaged to audit compliance with the Compliance Plan.<sup>16</sup> In accordance with section 601HG(1) of the Corporations Act, this person must be a registered company auditor.
  - (b) The Compliance Plan Auditor must certify in writing to the Responsible Entity that he or she is eligible to be appointed the auditor of the Compliance Plan. A person is not eligible to act as the Compliance Plan Auditor if the person is:
    - (i) an associate of the Responsible Entity or any subsequent responsible entity appointed to manage the Scheme;
    - (ii) an agent holding Scheme Property on behalf of the Responsible Entity or an associate of an agent of that kind; or
    - (iii) the auditor of the Accounts for the Responsible Entity and the Scheme.
- The Compliance Auditor and the auditor of the Accounts for the Responsible Entity and the Scheme may however work for the same firm of auditors.
- (c) As part of the preparation of the end of the financial year accounts for the Scheme, the Compliance Plan Auditor must within three months after the end of the financial year of the Scheme:
    - (i) examine this Compliance Plan;
    - (ii) carry out an audit of the Responsible Entity's compliance with the Compliance Plan during the financial year;

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<sup>16</sup> In accordance with section 601HG(1) of the Corporations Act.

- (iii) give to the Responsible Entity a report that states whether, in the Compliance Plan Auditor's opinion:
  - (A) the Responsible Entity complied with the Compliance Plan during the financial year or that part of the financial year when it was the Compliance Plan Auditor; and
  - (B) the Compliance Plan continues to meet the requirements of part 5C.4 Corporations Act; and
- (iv) provide the Responsible Entity with any recommendations for amendments to the Compliance Plan or procedures of the Responsible Entity.
- (d) The Compliance Plan Auditor must certify annually to the Board that he or she remains eligible to be the auditor of the Compliance Plan.
- (e) The Responsible Entity must:
  - (i) allow the Compliance Plan Auditor to have access to the books of the Scheme;
  - (ii) give the Compliance Plan Auditor any information or explanation required under section 601HG(5) Corporations Act; and
  - (iii) otherwise assist the conduct of the audit<sup>17</sup>.
- (f) The Responsible Entity must lodge the Compliance Plan Auditor's report under section 601HG(3) Corporations Act with ASIC at the same time as the financial statements and reports for the Scheme are lodged with ASIC under sections 292 and 321 Corporations Act.
- (g) A copy of the Compliance Plan Auditor's report is to be given to the Compliance Committee at the same time it is given to the Board.
- (h) Where the Compliance Plan Auditor has advised of breaches of the Compliance Plan or Constitution, or makes recommendations for amendments to the Compliance Plan, accounting procedures of the Responsible Entity and the Scheme or Constitution, then the CO must review these issues and provide a report within 14 days to both the Compliance Committee and the Board. The Board in consultation with the Compliance Committee decides what changes must be made.
- (i) The changes must be implemented within two months of receipt of the Compliance Plan Auditor's report.
- (j) Changes to the Compliance Plan or Constitution must be implemented in accordance with the procedure specified in the Constitution or this Compliance Plan.
- (k) The Compliance Plan Auditor must notify ASIC in writing as soon as possible if he Compliance Plan Auditor:
  - (i) has reasonable grounds to suspect a contravention of the Act has occurred; and
  - (ii) believes the Responsible Entity has not or will not adequately deal with the contravention after the Compliance Plan Auditor has brought it to the attention of the Responsible Entity. The Responsible Entity and its officers must:

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<sup>17</sup> Section 601HA(1)(d) Corporations Act.

- (A) allow the Compliance Plan Auditor access to the Accounts;
- (B) give the Compliance Plan Auditor information or an explanation required for him to comply with the terms of the audit; and
- (C) otherwise assist the conduct of the audit.<sup>18</sup>

## **9.2 Removal and resignation of Compliance Plan Auditor**

- (a) The Responsible Entity must remove the Compliance Plan Auditor if he or she becomes ineligible under section 601HG(2) of the Corporations Act to act as the Compliance Plan Auditor, and may only otherwise remove the Compliance Plan Auditor by applying in writing to ASIC for its ASIC's consent.
- (b) Should the Compliance Plan Auditor wish to resign, he or she must apply in writing to ASIC for ASIC's consent.<sup>19</sup>
- (c) If the Compliance Auditor changes, the Responsible Entity must as soon as practicable ask ASIC to alter the records of the Scheme's registration to show the name of the new Compliance Auditor. ASIC must comply with the request if the change complies with the Act.

## **10 Plan risk analysis**

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### **10.1 Risk analysis**

The Responsible Entity's compliance risk assessment is undertaken with Australian Standard AS 31000:2018 as a reference standard.

### **10.2 Compliance risk assessment**

- (a) The CO is responsible for ensuring the compliance risk assessment of the Responsible Entity is updated and appropriate risk management controls and procedures have been implemented and are working.
- (b) The various Responsible Entity managers are required to review risks relating to their area of responsibility on an ongoing basis and report any material issues arising to the CO and at the Board meeting.
- (c) Amendments to the risk management controls and procedures implemented quarterly or as required by the Responsible Entity are required to be approved by the Responsible Managers and the Scheme Manager before implementation.
- (d) Compliance risks and risk management controls and procedures are communicated and actioned to staff through the Responsible Entity's staff training program, operations manuals and the various checklists required to be completed and reviewed within the management of the Scheme.
- (e) A compliance risk assessment relating to:
  - (i) the Responsible Entity's general conduct of the Scheme; and

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<sup>18</sup> Sections 601HG and 1226H Corporations Act.

<sup>19</sup> Sections 601HH(1) and (2) and 1226J(1) and (3).

(ii) the Scheme Assets,

is outlined in Part B and Part C of this Compliance Plan.

## **11 Reviewing and amending the Compliance Plan**

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- (a) To ensure the Compliance Plan continues to provide an adequate compliance framework for protection of Unitholders, the Compliance Committee reports to the Board at least annually on the continued adequacy of the Compliance Plan.
- (b) So that the Compliance Committee is informed of all internal developments, all Staff are instructed to report in writing all proposed changes in operating structure and procedures to the CO. These reports are included in the CO's monthly report to the Compliance Committee.
- (c) Part of the CO's role is to remain up to date with all regulatory and industry standard changes. Any of those changes that impact the Compliance Plan are also reported to the Compliance Committee in the CO's monthly report to the Compliance Committee.
- (d) The Compliance Plan Auditor may also include any recommendation for amendments to the Compliance Plan or the procedures of the Responsible Entity.
- (e) Subject to the Corporations Act, the Responsible Entity can amend or replace this Compliance Plan. The Compliance Committee can recommend changes of the Compliance Plan to the Responsible Entity. Only the Responsible Entity can modify the Compliance Plan.<sup>20</sup>
- (f) The Board must sign any amendments to, or replacement of, the Compliance Plan.
- (g) The CO is responsible for submitting the amended or replacement Compliance Plan to ASIC and ensuring all Responsible Officers and Compliance Committee Members receive notification of the change and an updated copy of the Compliance Plan.

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<sup>20</sup> Section 601HE Corporations Act.

## Part B - Group Compliance Controls

### 12 Summary of group compliance procedures

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Compliance Rule	Function	Responsible Officer	Reporting frequency
13.1	External service providers	CFO and CO	Monthly (for omissions) and annually (for reviews)
13.2	Detecting and reporting breaches	CO	Monthly
13.3	Record keeping and reporting	CFO, MD, CO and Investment Manager	Half yearly and annually
13.4	Insurance	CO, MD and CFO	Annually
13.5	Training, recruitment and authorised representatives	CO	Annually, quarterly and monthly
13.6	Monitoring AFSL	CO and CFO	Monthly
13.7	Related Party issues	CO and CFO	Monthly, annually or as required
13.8	Conflict of interest management	CO and MD	Ongoing, monthly and annually
13.9	Complaints	Dispute Resolution Officer	Monthly
13.10	Amending the Constitution	Board	As required
13.11	Access to copies of Constitution	CO	As required
13.12	Amending the Compliance Plan	CO	As required
13.13	Removal and resignation of Compliance Plan Auditor	CFO	As required
13.14	Termination of Scheme	Board, CO and MD	As required
13.15	Risk management	CO and MD	Annually
13.16	Removal or retirement of the Responsible Entity	MD and CO	As required
13.17	Compliance checking by ASIC	CO	As required

### 13 Group compliance procedures

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#### 13.1 External service providers

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly (for omissions) and annually (reviews).
- (c) Source of obligation: section 601FB Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
<p>Carry out adequate due diligence when appointing External Service Providers.</p> <p>Monitor External Service Providers to ensure they comply with contractual obligations and service level agreements.</p>	<p>The Scheme may incur loss due to poor service from External Service Providers.</p>	<p>Responsible Officers must undertake adequate due diligence before appointing an External Service Provider to ensure the External Service Provider has the requisite skills and resources to perform the outsourced task.</p> <p>The Responsible Officer's due diligence enquiries may include obtaining capabilities statements and fee estimates from several potential External Service Providers, meeting with senior managers of the External Service Providers and seeking referrals for External Service Providers.</p> <p>All contracts with External Service Providers must be reviewed by the CFO and approved by the Board before appointment of the External Service Provider to ensure that the agreement is on commercial terms and is consistent with the Responsible Entity's AFSL conditions. Legal advice may be obtained if considered necessary.</p> <p>If an External Service Provider breaches any terms of their engagement, or is or is suspected of being negligent, the Responsible Officer must report the circumstances giving rise to the relevant event to the CFO and the CO. The CFO will also report any breach to the Board who must then consider whether or not to terminate the engagement of the External Service Provider.</p>	<p>The CFO must undertake an annual review of External Service Providers to ensure they continue to maintain the requisite skills and, resources to perform the outsourced tasks. The review is based on an assessment of the External Service Provider's performance against agreed service levels and with comparison to the level of service and value for money offered by their competitors.</p> <p>The CFO reports monthly to the CO on any adverse performance of an External Service Provider.</p>

### 13.2 Detecting and reporting breaches

- (a) Responsible Officer: CO.
- (b) Frequency of reporting: monthly.
- (c) Source of obligation: sections 912DD Corporations Act and RG 78.

Function	Risks	Procedures	Monitoring of procedure
<p>To ensure the early detection and reporting of breaches.</p>	<p>A breach may go undetected.</p> <p>The Responsible Entity may breach its statutory</p>	<p><b>Breaches that must be reported</b></p> <p>All staff must report breaches of any of the following reportable situations to the CO:</p> <ul style="list-style-type: none"> <li>(a) breaches or 'likely breaches' of core</li> </ul>	<p>The CO is to conduct monthly reviews to ensure compliance with the procedures as set out in the Breach Reporting Policy and report any exceptions to the Compliance Committee and Board.</p>

Function	Risks	Procedures	Monitoring of procedure
	reporting obligations.	<p>obligations that are significant;</p> <p>(b) investigations into breaches or likely of core obligations that are significant;</p> <p>(c) additional reportable situations; and</p> <p>(d) reportable situations about other licensees.</p> <p>The Responsible Entity maintains an accessible Breach Reporting Policy for staff to refer to.</p> <p><b>Detecting breaches</b></p> <p>The CO must carry out a number of supervisory processes including:</p> <p>(a) random review of internal files and checklists. This process involves the selection of a particular transaction and following the progress of the transaction through the various operational departments to ensure that all compliance systems affecting the transaction are complied with. This is generally evidenced by a series of checklists or reports and various authorisations by responsible personnel;</p> <p>(b) yearly audit by the Compliance Plan Auditor who undertakes independent testing of files and compliance systems;</p> <p>(c) prompt follow up of any enquiries or complaints received by the Dispute Resolution Officer under the Internal Dispute Resolution Procedural Program; and</p> <p>(d) Staff are encouraged to report breaches of the Compliance Plan to the CO under an ongoing program of continuous improvement.</p> <p>The Compliance Committee and the Compliance Plan Auditor have full access to the files and records of the activities of the Responsible Entity and the Scheme.</p>	<p>The CO maintains an up-to-date breach register in the ASIC prescribed form.</p> <p>The Breach Reporting Policy is reviewed on an annual basis by the CO, with an external review conducted on an as-needs basis.</p> <p>The CO maintains a training register of when staff attended breach reporting training.</p>



Function	Risks	Procedures	Monitoring of procedure
		<p>It is the responsibility of the CO to co-ordinate the compliance supervision program.</p> <p><b>Internal reporting</b></p> <p>Suspected compliance breaches or deficiencies are reported as follows:</p> <ul style="list-style-type: none"> <li>(a) in the case of internal compliance reviews, the CO must make a report to the Compliance Committee where remedial action is initiated. All breaches or deficiencies are brought to the attention of the Board.</li> <li>(b) in the case of the external Compliance Plan Auditor, the auditor generally liaises with the CO and the MD on compliance matters before a final auditor's report to the Board.</li> <li>(c) breaches discovered by staff are reported to the CO.</li> </ul> <p>Any known breaches are immediately reported to the CO who must include these breaches in the next report to the Compliance Committee, together with a recommendation as to the appropriate measures that are needed to avoid a recurrence.</p> <p><b>Reporting to ASIC</b></p> <p>The Responsible Entity must lodge a report to ASIC within 30 days after the Responsible Entity first knows, or is reckless as to whether there are reasonable grounds to believe, a reportable situation has arisen.<sup>21</sup></p> <p>The CO will determine whether a reportable situation has arisen by following the assessment procedure outlined in the Breach Reporting Policy.</p> <p><b>Rectification of breach</b></p> <p>Rectification of breaches is the responsibility of the CO in conjunction with the operational department concerned. The CO undertakes appropriate steps to rectify breaches and deficiencies in the system and to liaise with</p>	

<sup>21</sup> Section 912DAA Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
		responsible departmental co-ordinators. Subsequent review of rectified systems is undertaken by the CO or the Managing Director in the random internal audits, and reported to the Compliance Committee.	

### 13.3 Record keeping and reporting

- (a) Responsible Officer: CFO, MD, CO and Investment Manager.
- (b) Frequency of reporting: half yearly and annually.
- (c) Source of obligation: chapter 2M Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Correctly record and explain transactions, financial position and performance, enabling true and fair financial statements to be audited and correct tax returns to be submitted.	Incorrect or insufficient records resulting in qualified audit report. Penalty payments resulting from incorrect tax returns. Tax information to Unitholders is insufficient.	The CFO and MD must confirm to the Board annually that all relevant accounting standards have been complied with during the year. Records are audited by the Scheme Auditor annually. The Scheme's financial statements may also be subject to half yearly review by the Scheme Auditor. Each Investment has its own 'Investment file' containing key information for the Investment from start to maturity. Material documents about an Investment are held by the Responsible Entity. The Responsible Entity maintains a computerised document management and custody system. The CFO maintains the computerised system while the CO controls the registration, access and release of all documents while they are under the Responsible Entity's management. <b>Confidential information</b> Staff must not make use of information acquired through their position in order to gain an improper advantage or to cause detriment to Unitholders of the Scheme. Access to documents and information is to be restricted to those with the 'need to know' and when specific 'information barriers' procedures are adopted to limit and monitor the flow of confidential information within the Responsible Entity they must be observed.	The Scheme Auditor's annual report and half yearly review (if applicable) must be given to the Board for approval. The Investment Manager has responsibility to: (a) register Unitholders; (b) monitor membership for roll over, maturity and reinvestment; (c) monitor Investments; and (d) record any matter that affects the Investment. The CO must retain all records relevant to the Compliance Plan. This includes: (a) a record of all reports of the CO to the Compliance Committee and the Board; (b) compliance and rectification reports and registers of insurances, complaints, related party transactions, training, external service providers, advertising and breaches; (c) Unitholder Complaints Register; (d) External Service Providers correspondence and agreements; (e) Compliance auditor reports; (f) Scheme Auditor reports; and (g) ASIC correspondence and any other relevant matters.

Function	Risks	Procedures	Monitoring of procedure
		Procedures to deal with confidential information include: (a) restricting access to documents, files and computer systems - particularly tax file numbers and bank account details; (b) disposal of documents; (c) copying, faxing and filing of sensitive documents; and (d) restricting access to information by temporary staff.	The Auditors review these records as part of their audit. The CO reports any matters of concern to the Board.
Ensure records are maintained for a minimum of seven years.	Responsible Entity breaches reporting requirements in Corporations Act	Yearly sign-off to the CO from the CFO that: (a) the Scheme has appropriate record keeping and archiving procedures; (b) all records are held for a minimum of seven years and storage records are recorded in a storage register; and (c) records are held in safe and secure premises.	The CO obtains annual sign-off from the CFO and tables the CFO report at the next Compliance Committee meeting.

### 13.4 Insurance

- (a) Responsible Officer: CO, MD and CFO.
- (b) Frequency of reporting: annually.
- (c) Source of obligation: RG 126; section 912B Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Maintain appropriate insurances for: (a) professional indemnity; and (b) fraud by the Responsible Entity's officers and agents.	Inappropriate professional indemnity cover may breach Responsible Entity's AFSL and impact operation of the Scheme.	A register is to be maintained by the Responsible Entity in which the expiry of all insurance policies is noted. An annual insurance risk appraisal is undertaken by the CFO. A minimum of two quotes must be obtained from an insurance broker (if possible) to be supplied to the CFO to cover the risks identified by the insurance risk appraisal. The CFO can rely on the insurance broker's experience in assessing the quotes. It is the CFO's responsibility to decide which quote is accepted and on what terms the policy is entered into by the Responsible Entity.	The CFO diarises renewal dates for all insurance policies and undertakes renewal of all insurance policies before insurance expiry. The CFO advises insurance details including sums insured, liability limits and due dates to the CO who updates the insurance register on an as needs basis. The CO undertakes an annual review of all insurance policies to ensure annual renewal has been obtained to protect the assets and liabilities of the Scheme, the Responsible Entity and the Compliance Committee.

Function	Risks	Procedures	Monitoring of procedure
		<p>The CFO is responsible for ensuring that the Responsible Entity has adequate professional indemnity insurance cover which meets the requirements of any ASIC policy. In particular while the Responsible Entity is authorised to provide financial services to retail clients, the professional indemnity insurance must meet the requirements of Regulatory Guide 126. When deciding whether the professional indemnity insurance cover is adequate, the CFO should have regard to:</p> <ul style="list-style-type: none"> <li>(a) the volume of business;</li> <li>(b) the number and kind of clients; and</li> <li>(c) the activities of the Scheme.</li> </ul> <p>The professional indemnity insurance policy must covers claims in aggregate of an amount which is at least the lesser of \$5 million or the sum of the value of all property of all registered schemes operated by the Responsible Entity (or such other limits as required by the Responsible Entity's AFSL and any applicable ASIC policy). The insurance must cover all liability which may be suffered by retail clients because of a breach of the Corporations Act or under the AFSL. The policy must cover the items required by the Responsible Entity's AFSL or applicable policy, which might include legal costs, external dispute resolution scheme awards and fraud and dishonesty.</p> <p>The CFO is responsible to ensure the Compliance Committee and all Directors and Officers (including Responsible Managers) are covered under the Responsible Entity's professional indemnity insurance policy.</p> <p>The CFO is responsible to ensure all Scheme Assets are insured for appropriate insurance cover.</p>	

### 13.5 Training, recruitment and authorised representatives

- (a) Responsible Officer: CO.
- (b) Frequency of reporting: annually and monthly.
- (c) Source of obligation: subsections 912A(1)(ca) and (f) Corporations Act, RG 146, RG 181 and RG 104/105.

Function	Risks	Procedures	Monitoring of procedure
<p>Staff are competent and receive sufficient training for them to be able to perform their duties and to be familiar with the requirements in the Compliance Plan.</p>	<p>Staff do not have the skills necessary to competently perform their duties.</p> <p>Key Staff have specific knowledge that the Responsible Entity loses if they leave the employment of the Responsible Entity.</p>	<p>Appointment of Directors is subject to rigorous checking of good fame and character. Details of the checking process must be retained and reviewed by the CO for appropriateness.</p> <p>Initially, Directors are required to submit details of any current directorships they hold and then on an ongoing basis at any time they accept an appointment of a directorship or cease a directorship the Directors must provide an update stating details of the current directorships held by the Directors and any conflicts of interest (within the meaning of ASIC Regulatory Guide 181).</p> <p>The Responsible Managers are required to biannually submit a list of continuing professional education they attended to maintain and update competency.</p> <p>The MD is responsible for the appointment of other staff and must ensure applicants have the necessary qualifications and referees as to good fame and character.</p> <p>Training of all staff and Responsible Managers must be conducted at least annually and includes specific training on the Compliance Plan, other policies adopted by the Responsible Entity relating to compliance and on any PDS published by the Responsible Entity.</p> <p>The Responsible Entity must ensure a key personnel succession plan is in place.</p> <p>All representatives who are providing general financial product advice to retail clients must meet the requirements of Regulatory Guide 146 if necessary before appointment. They must also receive training on responsibilities under the Corporations Act, industry standards and other relevant</p>	<p>The CO maintains a training register for all Staff and AFSL Responsible Managers and reports to the Compliance Committee each quarter.</p> <p>The CO reviews annually the organisational chart and ensures its Responsible Managers meet the training requirements of RG 104/105 and are competent to carry out obligations and responsibilities under the Responsible Entity's AFSL.</p>

Function	Risks	Procedures	Monitoring of procedure
		information, including but not limited to the circumstances in which they are required to provide retail clients with a FSG. The CO maintains a training register for Staff who are Regulatory Guide 146 compliant.	

### 13.6 Monitoring AFSL

- (a) Responsible Officer: CO and CFO.
- (b) Frequency of reporting: monthly.
- (c) Source of obligation: RG 166, section 601FA, section 601FC(1)(h), section 912A(1)(b) Corporations Act and CO 13/760

Function	Risks	Procedures	Monitoring of procedure
Ensure the Responsible Entity complies with the conditions of its AFSL at all times.	AFSL suspended or revoked.	The CFO must review the Assets and accounts of the Responsible Entity on a monthly basis to ensure Responsible Entity is meeting its financial requirements as set out in ASIC Regulatory Guide 166 (including solvency cash needs and NTA requirements). In addition, an AFSL requirements checklist is completed monthly by the CFO and sent to the CO.	The CO reports the results of the review of the AFSL requirements checklist to the Compliance Committee on a monthly basis. It is the CO's responsibility to ensure any AFSL ASIC reporting requirements are met. The AFSL Auditor reviews the AFSL requirements annually and provides an audit report to the Board and ASIC.

### 13.7 Related Party issues

- (a) Responsible Officer: CO and CFO.
- (b) Frequency of reporting: monthly, annually or as required.
- (c) Source of obligation: section 601FG, section 601FD(1), section 601FE(1) Corporations Act, RG 74.

Function	Risks	Procedures	Monitoring of procedure
To ensure financial benefit is not given to the Responsible Entity or a Related Party unless permitted by the Corporations Act.	Unitholders suffer loss. Detrimental to the reputation of the Responsible Entity and the Scheme.	<b>Identification of a Related Party</b> All Staff are required to undertake training to ensure they understand what a related party transaction is and to report related party transactions to the CO. All Staff are required to report all related party transactions to the CO.  If a transaction provides a financial benefit to:	The training register is reviewed annually by the CO to ensure all new Staff have attended Related Party training. The related party register prepared by the CFO is reviewed monthly by the CO and the Compliance Committee. The CO must annually review compliance with the procedures and report any exceptions to the Compliance Committee.

Function	Risks	Procedures	Monitoring of procedure
		<p>(a) an entity that controls the Responsible Entity;</p> <p>(b) any of the following:</p> <ul style="list-style-type: none"> <li>(i) directors of the Responsible Entity;</li> <li>(ii) directors of a controlling entity or each of the persons making up the controlling entity;</li> <li>(iii) spouses and de facto spouses of those directors or persons;</li> </ul> <p>(c) parents and children of any person referred to above; and</p> <p>(d) entities controlled by a person referred to above,</p> <p>it is treated as a 'related party transaction' (Schedule 5 to this Compliance Plan contains some examples of common related parties).</p> <p><b>Considerations and approval</b></p> <p>Before any related party transaction is entered into, the Board should consider whether the transaction is on arm's length terms. The Board may consider a transaction to be on arm's length terms if:</p> <ul style="list-style-type: none"> <li>(a) the fees to be paid to the related party are equivalent to that of a third party at arm's length;</li> <li>(b) the Board obtains at least one quote in addition to that from the related party so as to satisfy itself that the related party transaction is at commercial arm's length; and</li> <li>(c) that the costs and services are within acceptable industry standards.</li> </ul> <p>Unitholder approval is obtained where a financial benefit is provided to a related party and the financial benefit is not:</p>	

Function	Risks	Procedures	Monitoring of procedure
		<p>(a) provided on arm's length terms;</p> <p>(b) a form of remuneration to an officer or employee;</p> <p>(c) an indemnity, payment of an insurance premium or legal costs;</p> <p>(d) given to a Unitholder and the benefit does not discriminate unfairly against other Unitholders; or</p> <p>(e) required to obtain Unitholder approval under a court order.</p> <p><b>Arm's length exception</b></p> <p>When assessing whether a transaction is on arm's length terms, the Board must consider the transaction terms that would result if:</p> <p>(a) the parties to the transaction were unrelated;</p> <p>(b) the parties were free from undue influence, control or pressure;</p> <p>(c) each party was sufficiently knowledgeable about the circumstances of the transaction, sufficiently experienced in business and sufficiently well advised to be able to form a sound judgment as to what was in its interests; and</p> <p>(d) each party was concerned only to achieve the best available commercial result for itself in the circumstances.</p> <p>If the arm's length exemption is intended to be relied on, the Board of the Responsible Entity should have regard to the following factors:</p> <p>(a) a comparison of similar transactions that have been undertaken by arm's length parties;</p> <p>(b) if the terms of the financial benefit are unusual, extraordinary or excessively generous, then it is less likely to be</p>	



Function	Risks	Procedures	Monitoring of procedure
		<p>considered on arm's length terms;</p> <p>(c) if the parties have dealt with each other as unrelated parties would normally do then it would be expected they engage in a process of real bargaining;</p> <p>(d) the financial impact of the transaction should be assessed by the parties; and</p> <p>(e) the parties should consider the availability of entering into the transaction with a non-related party.</p> <p><b>Related Party register</b></p> <p>For all transactions involving a related party, and subject to the nature of that transaction, the parties involved must record the transaction in writing before the transaction is implemented. Any transaction involving a related party must be recorded in the minutes of the Board and placed in the Related Party register. Details of the transaction must be given to the CO.</p> <p>The Related Party register must be maintained by the CO.</p> <p>The Responsible Entity must sufficiently train its Directors, Staff and Compliance Committee Members to ensure that all persons are aware of their obligations under the Corporations Act and the Compliance Plan on related party duties and how to comply with these duties.</p> <p>The CO has the responsibility for assisting all Staff and employees of the Responsible Entity and the Compliance Committee Members on Related Party issues. The Board and the Compliance Committee Members may obtain independent advice on these matters relevant to the Scheme that is reasonably necessary.</p>	

### 13.8 Conflict of interest management

- (a) Responsible Officer: CO and MD.

- (b) Frequency of reporting: ongoing, monthly and annually.
- (c) Source of obligation: sections 601FC(1)(c) and (e), 60FD(1)(c), 601FE(1) and 912A(1)(aa) Corporations Act, RG 181.

Function	Risks	Procedures	Monitoring of procedure
To ensure that conflicts of interest are dealt with in accordance with the Act.	<p>Unitholders assets are diminished.</p> <p>The Responsible Entity fails to act independently and in the best interests of the Unitholders.</p> <p>The Responsible Entity or its associates may get a benefit or the Unitholders' assets may be diminished.</p>	<p>The MD must keep a conflict of interest register.</p> <p>The MD must record any actual or potential conflicts of interest and immediately notify the CO.</p> <p>The conflict of interest register must contain:</p> <p>(a) a description of the conflict;</p> <p>(b) whether the conflict is to be controlled or avoided; and</p> <p>(c) if there must be disclosure, how and to whom it has been disclosed.</p> <p>The CO must at least annually conduct training for employees and representatives to ensure that they understand the conflict of interest policy.</p> <p>The CO must record all training on conflicts of interests in the training register.</p> <p>Each Staff and authorised representative must inform the CO of any conflict of interests when they occur and makes a declaration that the Responsible Entity has been informed of any conflicts of interests.</p> <p>Where a conflict of interest occurs, the MD must deal with the conflict under the requirements of the conflicts of interest policy.</p>	<p>The CO must review the conflict of interest policy for its adequacy annually.</p> <p>The MD must maintain the register of conflicts of interest and report any conflicts of interest to the CO.</p> <p>The CO monitors the conflict of interest training for all new employees.</p> <p>The CO tables the conflicts of interest register to the Compliance Committee monthly.</p>
Appropriate segregation of Staff is in place to minimise any conflicts of interest.	A financial advantage is obtained through inappropriate handling of client money, Assets or the use of confidential information.	The Responsible Entity has policies on confidentiality of information and conflict of interest management. Compliance with these policies is monitored by the CO.	The continuing adequacy of these policies is assessed by the Compliance Committee annually.

### 13.9 Complaints

- (a) Responsible Officer: Dispute Resolution Officer.

- (b) Frequency of reporting: monthly.
- (c) Source of obligation: section 601GA(1)(c), section 912A(1)(g) and section 912A(2) Corporations Act and RG 271.

Function	Risks	Procedures	Monitoring of procedure
Manage complaints in a manner consistent with the Corporations Act, Constitution and ASIC requirements relating to the AFSL.	Complaints are not adequately addressed and are escalated to litigation. Breach of AFSL or Constitution.	All complaints are referred to the nominated Dispute Resolution Officer, who is responsible for investigating and responding to complaints under the Internal Dispute Resolution Procedural Program.  The Disputes Resolution Officer maintains a complaints register recording the details of all complaints and the outcomes resulting from complaints handling.	The Dispute Resolution Officer reports monthly to the CO for all complaints received in the month. The CO maintains a training register of when Staff attended complaints handling training. The CO reviews the complaints register and reports to the Compliance Committee monthly. The Internal Dispute Resolution Procedural Program is reviewed on an annual basis, with an external review conducted on an as-needs basis.

### 13.10 Amending the Constitution

- (a) Responsible Officer: Board.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: section 601GC Corporations Act and Constitution.

Function	Risks	Procedures	Monitoring of procedure
The Constitution may be modified or repealed and replaced with a new constitution under the Corporations Act and the Constitution.	The Constitution is modified and repealed and replaced without due regard to Unitholders' rights.	<p>The Board must meet and review any proposed modification to the Constitution.</p> <p>If the modification to be effected is such that it does not adversely affect Unitholders' rights then the Board may resolve to amend the Constitution. The Board must undertake a comparison of Unitholders' rights before and after the modification is affected and document this process.</p> <p>Where the Board considers the modification to the Constitution adversely affects Unitholders' rights then the proposed modification must be placed before and approved by the Unitholders of the Scheme at a general meeting.</p> <p>The Responsible Entity calls a meeting of Unitholders of the Scheme in accordance with the Constitution.</p> <p>The modification must be lodged with ASIC within 14 days and takes effect once lodged.</p>	<p>Any proposed modification to the Constitution must be approved by the Board.</p> <p>Any proposed modification to the Constitution that adversely affects Unitholders' rights must also be approved by the Unitholders of the Scheme.</p> <p>The amending Constitution must be signed and lodged with ASIC.</p> <p>Each time the Constitution is amended the Board must provide the CO with documentation confirming they have considered the requirements of the Corporations Act which would usually include legal sign-off.</p>

### 13.11 Access to copies of Constitution

- (a) Responsible Officer: CO.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: section 601GC(4) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Unitholders are entitled to have access to copies of the Constitution.	The Responsible Entity fails to comply with the Corporations Act.	The Responsible Officer must send a copy of the Scheme's Constitution to a Unitholder within seven days if the Unitholder requests a copy (in writing) and provided the Unitholder pays the appropriate and reasonable copying fee as calculated by the Responsible Officer but not exceeding that prescribed by Schedule 4 of the Corporations Regulations.	The Responsible Officer must notify the CO if he or she is unable to comply with the Unitholder's request.

### 13.12 Amending the Compliance Plan

- (a) Responsible Officer: CO.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: section 601HE Corporations Act

Function	Risks	Procedures	Monitoring of procedure
The Responsible Entity may modify the Scheme's Compliance Plan or repeal it and replace it with a new compliance plan.	The Compliance Plan does not accurately reflect the requirements of the Constitution or the Corporations Act.	Any requested amendments to the Compliance Plan are addressed by the CO as soon as practicable. All proposed amendments to the Compliance Plan are reviewed by the CO. The amended Compliance Plan is reviewed and approved by the Compliance Committee, signed by the Board and lodged with ASIC within the timeframe specified by the Corporations Act.	The Compliance Plan is subject to an annual audit by the Compliance Plan Auditor. The CO is responsible for monitoring compliance with the Compliance Plan by the Responsible Entity and reporting to the Compliance Committee.

### 13.13 Removal and resignation of Compliance Plan Auditor

- (a) Responsible Officer: CFO.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: section 601HH, section 601HI Corporations Act, RG 26.

Function	Risks	Procedures	Monitoring of procedure
Actions taken in respect of the Auditor must only occur in accordance with the Constitution and the Act.	The Responsible Entity fails to act in accordance with the Corporations Act.	The Responsible Entity: (a) must remove the Compliance Plan Auditor if the Compliance Plan Auditor becomes ineligible under section 601HG(2) Corporations Act to act as auditor of the Compliance Plan; and (b) may at any time, with ASIC's consent, remove the Compliance Plan Auditor. ASIC's consent must be obtained before the Compliance Plan Auditor's removal or resignation taking effect. ASIC must be advised in writing to update the Scheme's registration details to show the new auditor, as soon as practicable after the change.	The CFO liaises with ASIC on the removal or resignation of the Compliance Plan Auditor. The CFO must notify ASIC, in writing of the appointment of the new Compliance Plan Auditor.

### 13.14 Termination of Scheme

- (a) Responsible Officer: Board, CO and MD.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: section 601GA(1)(d), part 5C.9 Corporations Act and Constitution.

Function	Risks	Procedures	Monitoring of procedure
The process for terminating the Scheme must be done in accordance with the Constitution and the Corporations Act.	The Scheme is incorrectly terminated.	<p>The Scheme may only terminate at the expiration of the Scheme or as specified in the Constitution or the Corporations Act.</p> <p>Unitholders may resolve to wind up the Scheme.</p> <p>The Responsible Entity may under the Corporations Act, in certain circumstances, terminate or wind up the Scheme.</p> <p>If the Scheme is to be wound up, the Responsible Entity must:</p> <ul style="list-style-type: none"> <li>(a) realise Scheme property in accordance with the Constitution;</li> <li>(b) ensure that notice is given to Unitholders and ASIC of the winding up in accordance with the requirements of the Corporations Act (if any);</li> <li>(c) have the final accounts of the Scheme audited; and</li> <li>(d) distribute the proceeds of realisation of the Scheme property in accordance with the Constitution and the Corporations Act.</li> </ul>	<p>The decision to wind up the Scheme must be approved by the Board.</p> <p>The MD commences the winding up with assistance from the Responsible Entity's legal advisers and regularly reports to the Board.</p> <p>The Scheme Auditor audits the final accounts.</p>

### 13.15 Risk management

- (a) Responsible Officer: CO and MD.
- (b) Frequency of reporting: annually.
- (c) Source of Obligation: section 912A(1)(h) Corporations Act, RG 259.

Function	Risks	Procedures	Monitoring of procedure
The Responsible Entity has adequate risk management systems in place.	Internal and external Scheme risks are not adequately identified, assessed and managed, potentially placing Unitholders' funds at risk.	<p>A risk management system has been developed under the essential requirements of the Australian Standard on Risk Management.</p> <p>A risk register has been created which:</p> <ul style="list-style-type: none"> <li>(a) identifies risks;</li> <li>(b) assesses the consequence and likelihood of the risk occurring;</li> <li>(c) rates the level of risks identified;</li> <li>(d) identifies controls to minimise the risk;</li> <li>(e) prioritises risks; and</li> </ul>	<p>The CO reviews and reports to the MD on Scheme related risks annually.</p> <p>The CO annually reviews the risk management system to ensure it remains consistent with the Australia Standard and also annually confirm compliance with the risk reporting procedures and reports to the Compliance Committee.</p>

Function	Risks	Procedures	Monitoring of procedure
		(f) assigns responsibility of the risk.	

### 13.16 Removal or retirement of the Responsible Entity

- (a) Responsible Officer: MD and CO.
- (b) Frequency of reporting: as required.
- (c) Source of obligation: division 2 and 3, part 5C.2 Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
The Responsible Entity complies with the requirements of the Corporations Act, the Constitution and the Compliance Plan in the circumstances where the Responsible Entity retires or is removed as the responsible entity.	The Responsible Entity breaches the law and Unitholders' interests are placed at risk.	<p>The Responsible Entity only retires as the responsible entity of the Scheme under circumstances permitted by the Corporations Act and the Constitution.</p> <p>Legal advice may be sought.</p> <p>Where the Responsible Entity retires or is removed, the CO ensures that the Responsible Entity:</p> <ul style="list-style-type: none"> <li>(a) lodges the required notice with ASIC so that ASIC may give effect to the retirement; and</li> <li>(b) as soon as practicable after retirement or removal, gives to the new responsible entity any records in the Responsible Entity's possession or control as required under the Corporations Act.</li> </ul> <p>Any replacement responsible entity must sign a deed by which it covenants to be bound by the Constitution as if it had originally been a party to it.</p>	The MD reports to the Board on the progress of the retirement or removal of the Responsible Entity as responsible entity.

### 13.17 Compliance checking by ASIC

- (a) Responsible Officer: CO
- (b) Frequency of reporting: as required
- (c) Source of obligation: Section 601FF Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
<p>The Responsible Entity must take all reasonable steps to assist ASIC with compliance checking.</p>	<p>Breach of the Corporations Act.</p>	<p>Staff must be trained (including reception) on how to deal with ASIC officers.</p> <p>Any correspondence from ASIC must be immediately reported to the CO.</p> <p>The CO is responsible for notifying the Board and Compliance Committee and liaising with the relevant officers to gather the required information.</p>	<p>The CO must report any adverse findings to the Compliance Committee Members and the MD.</p> <p>Information must be given to ASIC as required and within the timeframe set.</p>



## Part C - Scheme Compliance Controls

### 14 Summary of scheme compliance procedures

Compliance Rule	Function	Responsible Officer	Reporting frequency
15.1	Income	CFO and CO	Monthly
15.2	Fees and expenses	CFO and CO	Monthly
15.3	Unit pricing	CFO and CO	After each issue or redemption of units
15.4	Applications (A), Distributions (D), and Withdrawals (W)	Registrar or CFO and CO (A), CO and CFO (D) CFO and CO (W)	Monthly and annually (A) Monthly or annually (D) After each withdrawal offer (W)
15.5	Safe keeping and segregation of Scheme property	CFO and CO	Monthly
15.6	Transfer of units	CFO and CO	Monthly (for omissions) and annually (for reviews)
15.7	Transmission of units	CFO and CO	Monthly (for omissions) and annually (for reviews)
15.8	Unitholders register	Registrar and CO	Monthly and half yearly
15.9	Meeting of Unitholders of the Scheme	Company Secretary and CO	Annually
15.10	Disaster recovery	MD and CO	Annually
15.11	Investment restrictions	MD, CO and Investment Manager	Monthly or following a breach
15.12	Advertising and Promotion of Scheme, and disclosure to Unitholders	MD, CFO and CO	Ongoing
15.13	Documents of the Scheme	MD and CO	Monthly
15.14	Valuation	MD and CO	At least monthly

### 15 Scheme specific compliance controls

#### 15.1 Income

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly.
- (c) Source of obligation: RG 132.25.

Function	Risks	Procedures	Monitoring of procedure
Collect and record all property and income due to the Scheme in accordance with the Constitution and Disclosure Document.	Not all income due to the Scheme is received.	All Scheme Income is paid directly into the Scheme operating account. The investment management system provides for monthly reports including the production of statement of position and statement of performance representing the total financial position of each Investment and reconciliation of receipts against payments expected from the Investment.	The CFO's financial reports and reconciliation of budgeted monthly income to actual income received is reviewed by the CO. Any exceptions identified by the CFO or CO are reported to the Compliance Committee and the MD.

## 15.2 Fees and expenses

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly.
- (c) Source of obligation: section 601FC(1)(k) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Pay appropriate Scheme-related expenses and fees payable to the Responsible Entity.	Expenses and management fees paid are not valid, are overpaid or are not apportioned between the different asset classes.	The CFO must engage appropriately qualified and experienced persons to maintain the financial records of the Scheme. All invoices received are reviewed by the CFO to ensure services or goods were received and related to the Scheme. The fees and expenses of the Responsible Entity must only be paid to the Responsible Entity from money held in Scheme accounts where: (a) the relevant cheque or electronic funds transfer is authorised and/or signed by at least 2 authorised personnel one of which must be an executive Director; and (b) the CFO keeps the copy of the invoice and payment authorisations. The CFO must ensure that the expense incurred is reasonable, and maintain documents that support the fact that all expenses incurred are no greater than would have been incurred in any arm's length transaction.	The CO reviews monthly the CFO's calculation of the Responsible Entity's fees paid, compliance with the procedures and reports any exceptions to the Compliance Committee. The Scheme Auditor reviews all Scheme expenses paid during the year as part of the annual audit and, where applicable, half yearly review.

Function	Risks	Procedures	Monitoring of procedure
<p>Expense reimbursements are calculated and processed in accordance with the requirements of the Constitution, the Corporations Act and the most recent representations made to Unitholders.</p>	<p>The Responsible Entity is reimbursed for expenses for which it should not have been reimbursed.</p>	<p>Expenses for which the Responsible Entity is entitled to be reimbursed from Scheme assets are set out in the Constitution and in the most recent representations made to Unitholders.</p> <p>The Responsible Entity is only entitled to be reimbursed for those expenses where the expenses are incurred in the proper performance of the Responsible Entity's duties under the Scheme.</p> <p>Expense reimbursements are appropriately allocated and paid to the Responsible Entity by the CFO.</p> <p>The CFO maintains records of all expense reimbursements. The CFO also maintains documents that support the fact that all expenses incurred are no greater than would have been incurred in any arm's length transaction.</p>	<p>Expense reimbursements paid to the Responsible Entity are subject to monthly review by the CFO. A report on any adverse findings is communicated to the CO who will prepare a breach report to be reviewed by the Compliance Committee.</p> <p>The CFO reviews the monthly general ledger report detailing expense reimbursements paid to the Responsible Entity to ensure payments are permitted by the Constitution and the most recent representation made to Unitholders, and calculated and allocated appropriately.</p>

### 15.3 Unit pricing

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: after each issue or redemption of units.
- (c) Source of obligation: RG 134; ASIC Corporations (Managed investment product consideration) Instrument 2015/847; RG 132.25; RG 132.172.

Function	Risks	Procedures	Monitoring of procedure
To ensure units are calculated and priced accurately in accordance with the Corporations Act, the Constitution, the PDS, relevant ASIC relief applicable to the Scheme and the Scheme's unit pricing policy.	Unit pricing errors occur or units are issued at prices that contravene the Corporations Act, Constitution, ASIC relief or unit pricing policy.	The Responsible Entity must adopt a unit pricing policy. Units may only be issued or redeemed in accordance with the requirements of the Constitution, the Corporations Act, the PDS, any applicable ASIC relief and unit pricing policy. Each unit is initially to be issued for \$1.00. Where units are to be issued for other than \$1.00 in the circumstances permitted by the Constitution, the CFO determines the price for issuing units in accordance with the Constitution and the Scheme's unit pricing policy.	After units are issued or redeemed, the CFO reports to the CO to confirm that the unit pricing procedures have been complied with. The CO reviews unit pricing procedures on an annual basis to ensure that unit pricing is being performed in a manner consistent with the requirements of the Constitution, Corporations Act, PDS, ASIC relief and unit pricing policy.

#### 15.4 Applications, distributions and withdrawals

- (a) Responsible Officer: Registrar or CFO and CO (applications); CO and CFO (distributions); and CFO and CO (withdrawals).
- (b) Frequency of reporting: monthly and annually (applications); monthly or annually (distributions), after each withdrawal offer (withdrawals).
- (c) Source of obligation: section 1017E, section 601GA(4), part 5C.6, section 1017F, section 601FC(1)(k) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Applications are processed in a timely manner and are invested in the correct Scheme account at the correct price and in the manner specified in the Constitution and relevant Disclosure Document. Application monies are dealt with under section 1017E Corporations Act.	Application money not processed correctly. Incorrect number of units purchased. Funds are not dealt with correctly under section 1017E and ASIC takes action or the Scheme Auditor qualifies audit report.	<b>Application Account</b> The Responsible Entity is to maintain an Application Account for the Scheme that complies with section 1017E Corporations Act. The CFO undertakes a bank reconciliation of the Application Account on at least a monthly basis or such frequency with which units are issued (or, if an offer is subject to a minimum subscription, upon the minimum subscription being achieved) and matches the application money received against the unit price and number of Units to be issued in accordance with the Disclosure Document. <b>Application Forms</b> Applications for investment in the Scheme must only be accepted on the application form attached to the Disclosure Document of the Scheme. Application forms are checked by the staff of the Responsible Entity	CO undertakes a review of the bank reconciliation report for the Application Account on a monthly basis. CO undertakes an annual review to check that the application form procedures and acknowledgement procedures are being complied with. The auditor of the Scheme reviews the Application Account as part of its annual audit.

Function	Risks	Procedures	Monitoring of procedure
		<p>for completeness, accuracy and relevancy. Missing, incomplete or incorrect application forms or cheques must be followed up with the applicant within two business days. If the application form is not corrected, completed or application money not received within 30 days after receipt of the original application, then the application form must be rejected and any application money received returned to the applicant (less any costs, expenses or taxes the Responsible Entity is entitled to deduct).</p> <p><b>Banking of application money</b> Application money received for a valid application form is banked to the Application Account of the Scheme within one business day of receipt.</p> <p>Application money (less any costs, expenses or taxes the Responsible Entity is entitled to deduct), must be refunded to unsuccessful applicants within 14 days after the Responsible Entity has served notice of rejection.</p> <p><b>Acknowledgement</b> The Responsible Entity recognises that if units are not issued to an applicant within the later of either the date nominated by the Responsible Entity in the Disclosure Document or, if applicable, within 10 Business Days (or such other period as specified in the Disclosure Document or required by the Corporations Act) from the receipt of the minimum subscription specified in the relevant Disclosure Document or within one month of receipt of application money, the application money must be returned to the investor.<sup>22</sup></p> <p>Where the Scheme is Liquid, Unitholders have up to 14 days from the earlier of the following dates to change their mind and have their units redeemed and proceeds returned:</p> <p>(a) the date the Responsible Entity acknowledges the transaction; and</p>	

<sup>22</sup> section 1017E Corporations Act

Function	Risks	Procedures	Monitoring of procedure
		(b) five business days after units were issued to the Unitholder. <sup>23</sup>	
Distributions (capital and income) to Unitholders are calculated correctly and paid in a timely manner in accordance with the Constitution, Disclosure Document and the terms of issue of the applicable class of units.	Distributions are under or overpaid or not paid in accordance with the Constitution.	<p><b>Distributions</b></p> <p>The Responsible Entity must make distributions in accordance with the Constitution and Compliance Plan as agreed with a Unitholder.</p> <p>Distributions may be made to the Unitholder by bank transfer.</p> <p>The Distributions must be made no later than 90 days after the Distribution Period as provided in the Constitution.</p> <p>Profit and loss statements, cashflow forecasts and Distribution calculations are to be prepared by the CFO before a Distribution is made and approved by the MD. Distributions of Income (and capital if applicable) are paid as demonstrated by these statements.</p> <p>Where a direct deposit for a Member fails, the Responsible Entity must, as soon as practicable, attempt to contact the Member and request correct direct deposit information. If attempts to contact the Member fail, the unclaimed Distribution is held by the Responsible Entity in a separate trust account pending either the funds being claimed by the Member or its successors or assigns, or the funds being transferred to ASIC as unclaimed money.</p>	<p>The MD reviews each proposed Distribution Period as prepared by the CFO before the Distribution occurs.</p> <p>The Distributions are subject to audit by the Scheme Auditor as part of the statutory period end audit program.</p>

<sup>23</sup> section 1019B Corporations Act

Function	Risks	Procedures	Monitoring of procedure
<p>Withdrawals are processed in accordance with the requirements of the Constitution and the Corporations Act.</p>	<p>Withdrawals are processed incorrectly or contrary to the requirements in the Constitution.</p>	<p><b>Right of Unitholders to withdraw</b></p> <p>Where the Scheme is registered and not Liquid then Unitholders may only withdraw their units in the Scheme under an offer made by the Responsible Entity under part 5C.6 Corporations Act.</p> <p>Where the Scheme is registered and Liquid then the withdrawal process is as set out in the Constitution and the Disclosure Document.</p> <p><b>Form of request</b></p> <p>The Board may prescribe from time to time a withdrawal request form, and if the Board has done so, the CO must ensure that the Responsible Entity must the form available to Unitholders.</p> <p><b>Accompanying evidence</b></p> <p>Any Unitholder who makes a request for withdrawal must also provide satisfactory evidence to the Responsible Entity, of the Unitholder's entitlement or authority to deal with the Unitholder's units. The Responsible Entity must act reasonably in determining what satisfactory evidence is.</p> <p><b>Process of withdrawal</b></p> <p>The CFO manages the process of withdrawal.</p> <p>The Responsible Entity must process withdrawals and pay redemption proceeds in accordance with the processes and timeframes prescribed in the Constitution and, where applicable, the Corporations Act.</p> <p>The CFO must monitor the processing of withdrawals to ensure the Responsible Entity is complying with this provision.</p> <p><b>Calculation of entitlement</b></p> <p>A Unitholder's entitlement on a withdrawal, is the redemption price (as calculated in accordance with the Constitution) per unit redeemed less any fees and charges payable by the Unitholder to the Responsible Entity.</p> <p>The CFO must supervise the calculation of the Unitholder's entitlement.</p>	<p>The CFO checks and approves all withdrawals before payment.</p> <p>The CFO must report to the CO after the completion of each withdrawal offer on withdrawals made under that offer.</p>

## 15.5 Safe keeping and segregation of Scheme property

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly
- (c) Source of obligation: section 601FC(1)(i) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
<p>Ensure Scheme property is:</p> <ul style="list-style-type: none"> <li>(a) clearly identified as Scheme property; and</li> <li>(b) held separately from property of the Responsible Entity and property of any other scheme.</li> </ul>	<p>Scheme property is mixed with that of the Responsible Entity or other schemes and cannot be separately identified.</p>	<p>All mortgages, charges or other securities are held in the name of the Custodian or Responsible Entity on trust for the Unitholders. Each Scheme asset is recorded in the Scheme asset register.</p> <p>The Responsible Entity holds mortgage and property title documents in safe custody.</p> <p>The CFO is to ensure that separate files are established and maintained for each Scheme Investment.</p> <p>Policies and procedures are reviewed by the CFO annually and after any relevant change to the law or industry standards to ensure procedures remain adequate.</p> <p>Transfers of funds from the Scheme's account are reconciled monthly by CFO to ensure that all relevant money is paid into the Scheme's account.</p> <p>All members of the Board and the Compliance Committee have access to all account details for the management of Scheme property.</p>	<p>CO confirms monthly to the Compliance Committee that all Scheme monies have been banked into a separate account to hold the Scheme funds and all Assets are held in the Scheme's name.</p> <p>The CO undertakes a quarterly random check of the segregation of Scheme property, and reports to the Compliance Committee.</p> <p>The Scheme Auditor annually confirms that the Scheme funds have been kept separate from other funds of the Responsible Entity, that the correct amount of funds are in the Scheme account and the existence of assets and documents held by the Responsible Entity.</p>

### 15.6 Transfer of units

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly (for omissions) and annually (for reviews).
- (c) Source of obligation: Constitution.



Function	Risks	Procedures	Monitoring of procedure
<p>Transfer of units in the Scheme in accordance with the Constitution.</p>	<p>Transfers incorrectly processed. The register of Members is inaccurate.</p>	<p>The CFO may prepare a form of transfer to be used by Members wishing to transfer their units.</p> <p>The form of transfer must ensure that the transferee agrees to be bound by the provisions of the Constitution and any other relevant agreements.</p> <p>It is not the obligation of the Responsible Entity to locate a purchaser of the Members' units in the Scheme.</p> <p>The Responsible Entity must not effect any transaction or dealing in units on behalf of a Member unless:</p> <ul style="list-style-type: none"> <li>(a) the transfer of units is accompanied by a transfer of the Member's units (stamped if applicable) together with any other reasonable documentation required by the Responsible Entity;</li> <li>(b) the Member has paid or otherwise provided for, to the Responsible Entity's satisfaction, all fees, duties, taxes, etc.; and</li> <li>(c) the Responsible Entity is satisfied that the transfer is not contrary to any legislation or guidelines issued by or on behalf of the government or the Commonwealth of Australia on the ownership of assets by persons not being Australian persons.</li> </ul> <p>Every instrument of transfer of a unit which is registered must be retained by the Responsible Entity for any period that the Responsible Entity may decide or as required by the Constitution.</p> <p>The CFO must register a transfer of a unit within two months after the date on which it is received or refuse to register the transfer, and otherwise in accordance with the Constitution.</p> <p>The CFO may refuse to register a transfer without assigning a reason.</p>	<p>It is the responsibility of the CFO to monitor and supervise the transfer of units in the Scheme.</p> <p>The CO must review the transfer procedure at least annually to ensure it complies with the Constitution, Compliance Plan and the Corporations Act.</p> <p>The CFO confirms monthly compliance with the procedures and reports any exception to the CO.</p>

### 15.7 Transmission of units

- (a) Responsible Officer: CFO and CO.
- (b) Frequency of reporting: monthly (for omissions) and annually (reviews).

(c) Source of obligation: Constitution

Function	Risks	Procedures	Monitoring of procedure
<p>Transmission of units in the Scheme in accordance with the Constitution.</p>	<p>Incorrectly recording ownership of units. The register of Unitholders is inaccurate.</p>	<p>In the case of the death of a Unitholder, only the survivor (if joint ownership) or the executors or administrators are recognised by the Responsible Entity as having title to, or an interest in, the units registered in the deceased's Unitholders name.</p> <p>In the case of the death of a Unitholder then the Responsible Entity may require:</p> <ul style="list-style-type: none"> <li>(a) a certified copy of the death certificate;</li> <li>(b) a certified copy of the will of the Unitholder (if any); and</li> <li>(c) depending upon the value of the units: <ul style="list-style-type: none"> <li>(i) if the Unitholder's units are less than \$20,000 then the Responsible Entity may register the executor or administrator; or</li> <li>(ii) if the value of the units is in excess of \$20,000 the Responsible Entity may require evidence of a grant of probate or letters of administration.</li> </ul> </li> </ul> <p>In the case of a joint holding of Unitholder's units, then the Responsible Entity may require sufficient evidence or identification (e.g. drivers licence, passport, certified copy of birth certificate) of the survivor before recognising a transmission.</p> <p>Any person becoming entitled to any units as a consequence of death, incapacity or bankruptcy of a Unitholder may upon producing to the Responsible Entity reasonable evidence:</p> <ul style="list-style-type: none"> <li>(a) of the capacity in which they propose to act; or</li> <li>(b) of their title to the units,</li> </ul> <p>be registered as the holder of the units and the Responsible Entity may cancel the existing certificate for the units and issue a new certificate for the units in their name.</p>	<p>It is the responsibility of the CFO to monitor and supervise the transmission of units in the Scheme.</p> <p>The CO must review the transmission procedure at least annually to ensure it complies with the Constitution, Compliance Plan and the Corporations Act.</p> <p>The CFO confirms monthly compliance with the procedures and reports any exception to the CO.</p>

## 15.8 Unitholders register

- (a) Responsible Officer: Registrar and CO.
- (b) Frequency of reporting: monthly and half yearly.
- (c) Source of obligation: section 168(1)(a) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
<p>A Register is to be kept which accurately represents the Unitholders who have a unit in the Scheme.</p>	<p>The register is incorrect or out of date.</p>	<p>The Register may be written or in digital form, however if the Register is stored digitally, sufficient precautions must be taken to ensure:</p> <ul style="list-style-type: none"> <li>(a) the integrity of the information; and</li> <li>(b) protection of the information against disaster.</li> </ul> <p>Where a change in the details of a Unitholder is received by the Responsible Entity, the Registrar must procure the amendment of the Register within two business days of receipt of the information by the Responsible Entity.</p> <p>The information relating to a Unitholder may be expunged from the Register at any time during the seven years after a person ceases to hold any units.</p> <p>The Register must be open for inspection by Unitholders or representatives of Unitholders under the Constitution. Copies of those parts of the Register to which a Unitholder or other persons with a proper purpose are entitled are available on payment of the fee of not more than the amount prescribed by the Corporations Regulations.</p> <p>It is the responsibility of the Registrar to monitor and supervise the completion and accuracy of the Register and ensures the Register is up to date and backed-up on a daily basis.</p>	<p>The Registrar confirms to the CO that the register is up to date on a monthly basis.</p> <p>CO must conduct half yearly reviews to ensure compliance with the procedures and report any exceptions to the Compliance Committee.</p>

### 15.9 Meeting of Unitholders' of the Scheme

- (a) Responsible Officer: Company Secretary and CO
- (b) Frequency of reporting: annually.
- (c) Source of obligation: Corporations Act, Constitution.

Function	Risks	Procedures	Monitoring of procedure
Meeting of Unitholders must be conducted in accordance with the requirements of the Constitution and Corporations Act.	Meetings are conducted in contravention of the Corporations Act.	<p>A meeting of Unitholders must be held at a reasonable time and place.</p> <p>The Responsible Entity may hold a meeting of Unitholders at two or more venues using any technology that gives the Unitholders as a whole a reasonable opportunity to participate in the meeting.</p> <p>A quorum for a meeting of Unitholders is two Unitholders or as otherwise specified in the Constitution.</p> <p>A Director chairs any meeting of Unitholders.</p> <p>The Scheme Auditor and the Compliance Plan Auditor are entitled to attend any meeting, to be heard and to answer the queries of Unitholders.</p> <p>The Company Secretary must maintain and ensure that minutes of meetings are signed as soon as practicable after meeting by the chairman of the meeting or the chairman of the next meeting. The Company Secretary must keep the minute books at the registered office of the Responsible Entity, or its principal place of business in Australia or any other places approved by ASIC.</p>	<p>The Company Secretary, in conjunction with the chairman of the Board, is responsible for calling and coordinating meetings.</p> <p>The CO must annually review compliance with the procedures and report any exceptions to the Compliance Committee.</p>

### 15.10 Disaster recovery

- (a) Responsible Officer: MD and CO.
- (b) Frequency of reporting: annually.
- (c) Source of obligation: RG 132.25.

Function	Risks	Procedures	Monitoring of procedure
Ensure Scheme has an appropriate Disaster Recovery Plan in place.	Disaster Recovery Plan is not appropriate and important Scheme data is lost.	<p>The Responsible Entity has established a Disaster Recovery Plan for the information systems components of critical business processes relating to the Scheme.</p> <p>The Disaster Recover Plan contains, among other things, details of contacts lists of key staff members, back up systems and processes, and the frequency of testing and review.</p> <p>The MD is responsible for ensuring that:</p>	<p>The MD prepares an annual report on the adequacy of the Disaster Recovery Plan including the information systems of critical business processes.</p> <p>The CO reviews the report and presents to the Compliance Committee.</p>

Function	Risks	Procedures	Monitoring of procedure
		<p>(a) the Disaster Recovery Plan is reviewed and tested at least once every year; and</p> <p>(b) as part of the planning for business continuity, essential data and records are stored off site in a secure manner.</p>	
Where deemed necessary by the Responsible Entity, External Service Providers maintain Disaster Recovery Procedures, which are tested regularly.	A disaster takes place and the External Service Provider is not prepared. External Service Provider cannot service the Scheme for an extended period of time. Client dissatisfaction. Critical records are lost.	Where deemed necessary by the Responsible Entity, External Service Providers are obliged under the relevant service provider agreements to have in place an appropriate Disaster Recovery Plan and to ensure this is tested at least once every year.	Where deemed necessary by the Responsible Entity, External Service Providers' Disaster Recovery Plans and their testing are reviewed by MD as part of the annual External Service Provider monitoring program under Compliance Rule 7.8.

### 15.11 Investment restrictions

- (a) Responsible Officer: MD, CO and Investment Manager.
- (b) Frequency of reporting: monthly or following a breach.
- (c) Source of obligation: sections 601GA(1)(b) and 601GA(3) Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
Ensure that the Responsible Entity complies with its investment strategy.	<p>If the investment strategy is not followed:</p> <p>(a) exposure of Unitholders to increased risk of loss; and</p> <p>(b) the Disclosure Document becomes misleading to Unitholders.</p>	<p>The investment strategy for the Scheme is to be developed by the MD and approved by the Board. The Responsible Entity may appoint appropriately qualified and experienced Investment Managers to give advice on and effect to the investment strategy. The investment strategy and performance of the appointed Investment Managers, must be reviewed at least monthly by the CO and any recommendation for change submitted to the Board for approval.</p> <p>The CO must record and report any breaches of the investment management agreement (if any) or the investment strategy to the Board who must decide what (if any) corrective action should be taken.</p>	<p>The Investment Manager must monitor all Investments on a monthly basis in order to ensure the investments are made under the investment strategy.</p> <p>The CO, on a monthly basis, reviews the Investment reports given to the CO by the Investment Manager in order to decide if the Investments comply with the investment strategy.</p> <p>The CO must immediately report all breaches of the investment strategy.</p> <p>Investment mandates stipulated in the investment strategy must be reviewed by the MD at least monthly.</p> <p>The CO monthly reviews compliance with these procedures and reports to the Compliance Committee.</p>

Function	Risks	Procedures	Monitoring of procedure
Borrowings are made in accordance with the Constitution.	Unauthorised borrowings are taken out.	Any borrowings to be undertaken by the Scheme must be approved by the Board with reference to the Constitution.	CO performs periodic reviews of outstanding loans to ensure Board approval has been obtained.
The risks associated with the Investment have been managed in accordance with the Constitution and the Disclosure Document.	The risks are managed inappropriately, causing loss to investors.	<p>The MD is responsible for managing the Assets having regard to the risks to which the Scheme is exposed.</p> <p>The MD monitors risk management on a macro-economic scale by ongoing monitoring of:</p> <ul style="list-style-type: none"> <li>(a) interest rate forecasts;</li> <li>(b) national and global economic trends;</li> <li>(c) government policy and its impact on Investments; and</li> <li>(d) any other risks identified by the MD.</li> </ul>	<p>The MD reports monthly to the CO on any new risks or changes to risks faced by the Scheme.</p> <p>The MD reviews on an annual basis and assesses:</p> <ul style="list-style-type: none"> <li>(a) demographic influences;</li> <li>(b) changing retail patterns;</li> <li>(c) impact of technology changes;</li> <li>(d) any other matters he or she considers appropriate.</li> </ul>

## 15.12 Advertising and Promotion of Scheme, and disclosure to Unitholders

- (a) Responsible Officer: MD, CFO and CO.
- (b) Frequency of reporting: ongoing.
- (c) Source of obligation: chapter 2M, division 2 of part 7.7, part 7.9 Corporations Act and RG 234.

Function	Risks	Procedures	Monitoring of procedure
<p>Disclosure Document and advertising material must comply with the Corporations Act.</p> <p>Statements in advertisements and promotional material should be consistent with corresponding disclosures in the PDS.</p>	<p>Disclosure Document or advertising material is misleading.</p> <p>Action by Unitholders to recover any losses suffered.</p> <p>Disclosure Document is subject to ASIC regulatory action.</p> <p>Forecasts in PDS (if any) do not have a reasonable basis.</p> <p>Advertisements may be misleading if it quotes a</p>	<p><b>Disclosure document</b></p> <p>Any Disclosure Document is to be prepared in accordance with a due diligence program that facilitates review and verification of the Disclosure Document so that reasonable steps are taken to ensure Disclosure Document contains all required information and does not contain any misleading or incorrect statements.</p> <p>MD to ensure external legal counsel and Board review and sign off on each PDS.</p> <p>MD and solicitors (where appropriate) to liaise with ASIC where required about the Disclosure Document and submit any required notices within time periods required by the Corporations Act or ASIC.</p> <p><b>Advertising Material</b></p>	<p><b>Disclosure document</b></p> <p>CO checks appropriate sign-offs have been obtained and adequate due diligence undertaken in accordance with the due diligence program before release of Disclosure Document.</p> <p>Legal sign-off must confirm the PDS meets the requirements of the Corporations Act.</p> <p><b>Advertising Material</b></p> <p>CO reviews advertising register every month to check appropriate approval was obtained for advertisements.</p>

Function	Risks	Procedures	Monitoring of procedure
	statement from the PDS out of context resulting in the possibility of making false or misleading statements or engaging in misleading or deceptive conduct.	All advertising material is prepared and authorised by the MD. MD to ensure all advertising material meets the required standards set out in RG 234. Legal advice may be sought where appropriate.	
Responsible Entity complies with Continuous Disclosure Obligations under the Corporations Act (if applicable)	Responsible Entity does not comply with Continuous Disclosure Obligations and ASIC takes action against the Responsible Entity.	The Responsible Entity has a procedure for preparing, authorising and issuing announcements for any matter that is to be disclosed under the Continuous Disclosure Obligations. The CO has responsibility for ensuring all Staff are made aware of this procedure. The MD has primary responsibility for monitoring the Scheme and making continuous disclosure where required.	The CO is to record in the training register what Staff have undergone training on the Responsible Entity's Continuous Disclosure Obligations and report monthly to Compliance Committee. The CO is responsible for obtaining an annual report from the MD on whether the Scheme has complied with its Continuous Disclosure Obligations.
The requirements for periodic reporting to Unitholders are complied with.	Responsible Entity does not comply with periodic reporting requirements and is subject to action by ASIC or claims for compensation from Unitholders who suffer loss as a result.	The CFO is responsible for recording the deadlines for: (a) lodgement and dispatch of annual report and lodgement of half yearly financial reports and annual reports; and (b) other communications with Unitholders required by the Corporations Act, Constitution, and for providing details of those deadlines to the CO. The CO is responsible for ensuring that the deadlines given by the CFO are met. Periodic statements are to be prepared under section 1017D Corporations Act. The CFO must ensure periodic statements contain all required information and do not contain any misleading or incorrect statements.	The CO is required to report on a half yearly basis to the Compliance Committee about the Responsible Entity's compliance with its periodic reporting requirements.
The requirements for periodic reporting to ASIC are complied with.	Responsible Entity does not comply with periodic reporting	The CFO is responsible for meeting the deadlines for: (a) lodgement of annual and half yearly financial reports (if applicable);	The CO is required to report on an annual basis to the Compliance Committee about the Responsible Entity's compliance with its periodic reporting requirements.



Function	Risks	Procedures	Monitoring of procedure
	requirements and is subject to action or penalties by ASIC or claims for compensation by Unitholders who suffer loss as a result.	(b) lodgement of audit report on Scheme, Compliance Plan and AFSL; and  (c) other communications with ASIC required by the Corporations Act, and for providing details of those deadlines to the CO.	

### 15.13 Documents of the Scheme

- (a) Responsible Officer: MD and CO.
- (b) Frequency of reporting: monthly.
- (c) Source of obligation: section 912F and section 601EC Corporations Act.

Function	Risks	Procedures	Monitoring of procedure
The Responsible Entity must ensure that documents relating to the Scheme include the Responsible Entity's AFSL number. All documents lodged with ASIC must contain the ARSN with all other relevant documents maintained or destroyed in accordance with the Corporations Act.	Non compliance is a breach of the Corporations Act.	All standard business documents (e.g. letterhead, with compliments slips and templates) must be approved by the CO. The MD, another Director or their delegate reviews information for distribution to Unitholders before it is dispatched to Unitholders. All documents for lodgement at ASIC must be signed and checked by the MD or at least one Director.	CO to monthly review compliance.

### 15.14 Valuation

- (a) Responsible Officer: MD and CO
- (b) Frequency of Reporting: as required
- (c) Source of Obligation: s601FC(1)(j) and 601HA(1)(c) Corporations Act, Constitution and RG 132.

Function	Risks	Procedures	Monitoring of procedure
<p>Scheme property will be regularly valued in accordance with the Corporations Act, Scheme Constitution, PDS and accounting standards.</p>	<p>Scheme Assets are not valued regularly and the asset values in the Scheme's accounts are overstated or insurance cover of the Assets becomes inadequate.</p>	<p>Where any Asset is other than a mortgage, the value should be determined by any two of the Directors on a six monthly basis, in consultation with the Scheme Auditor of the Scheme, on the basis that if two of the Directors and the Scheme Auditor agree on the value of such Asset, no further valuation is required. If there is no agreement, then the procedures for valuation of a mortgage shall apply in respect of any such Asset.</p> <p>Where the Asset is a mortgage, the MD must, unless determined otherwise by two Directors, arrange for a valuation to be conducted not more than six months prior to any initial advance of funds under the mortgage. In isolated cases where two Directors, have determined that a valuation will not be obtained those Directors must be reasonably satisfied that a valuation is not necessary. In such cases the Directors will have regard for the following circumstances:</p> <ul style="list-style-type: none"> <li>(a) the loan to value ratio is less than 50% having regard to the particular type of property; or</li> <li>(b) the value of the security property is supported by other independent documentation.</li> </ul> <p>Once the mortgage investment has occurred the Board will monitor the mortgage investment and arrange for a valuation of the mortgage where the Responsible Entity has decided to rollover the mortgage for a new term and the LVR is less than 50%.</p> <p>When a valuation report is received by the Responsible Entity it is reviewed by the MD who checks:</p> <ul style="list-style-type: none"> <li>(a) that it is correctly signed and dated by the valuer;</li> <li>(b) the name and address of the applicant;</li> <li>(c) security address, property type, size and description;</li> <li>(d) confirmation that the valuation has been prepared in accordance with industry standards;</li> </ul>	<p>MD is to advise the CO of the value of Scheme Assets when determined, and of any significant or unexpected fluctuations in the value of Scheme Assets, and the CO will review this information and include the value of the Scheme Assets and any significant or unexpected fluctuations in the next report to the Compliance Committee.</p> <p>The Auditor will verify that the revised values are reflected in the Scheme's records and financial statements.</p>

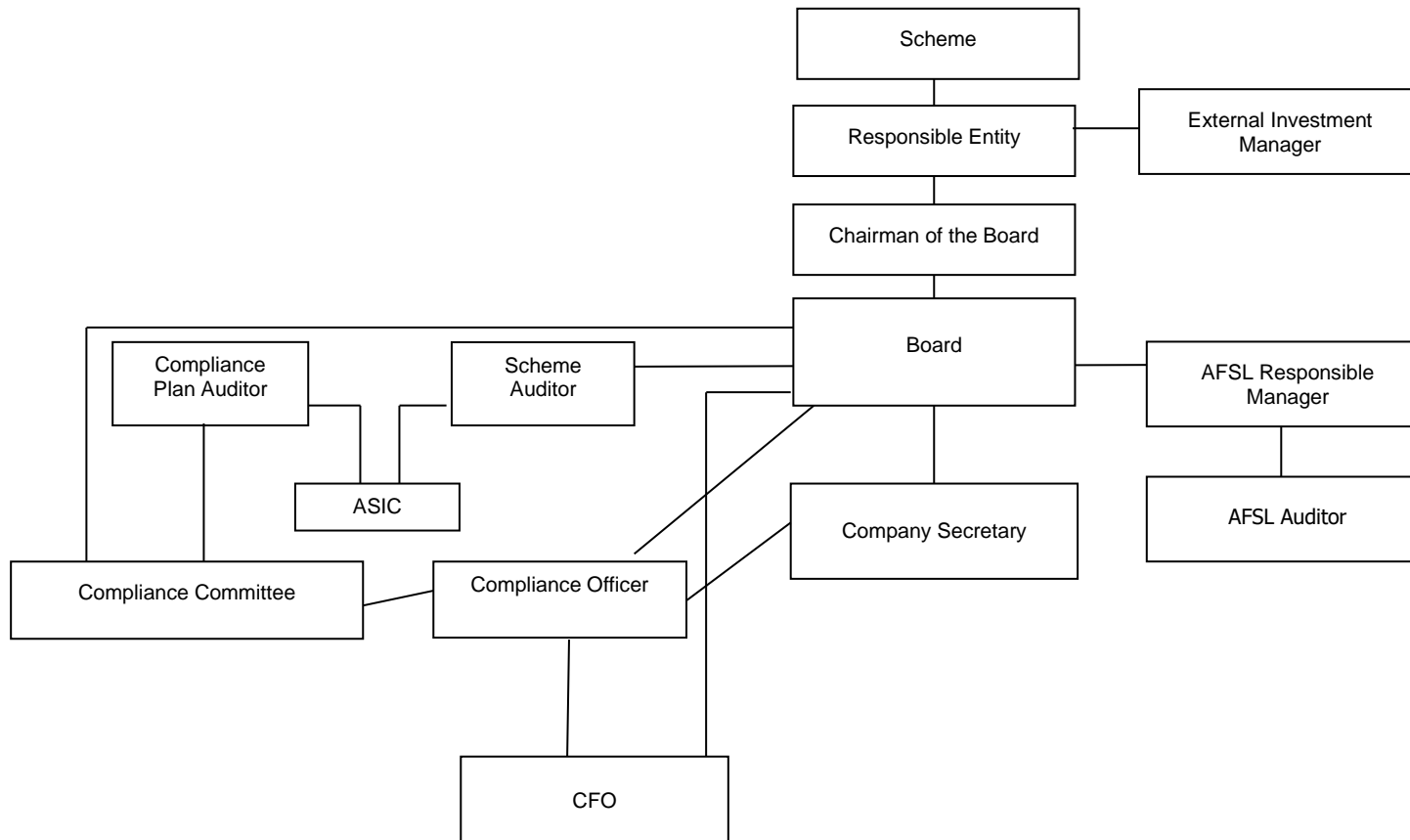
Function	Risks	Procedures	Monitoring of procedure
		<p>(e) covenants on the title, easements, land fill, local government zoning; and</p> <p>(f) any adverse features raised by the valuer.</p> <p>The MD must certify the valuation is acceptable before the approve advances on the mortgage.</p> <p>In valuing the secured properties related to the mortgage the value shall consider the following:</p> <p>(a) a willing but not anxious buyer or seller;</p> <p>(b) reasonable period has been allowed for the sale, having regard to the nature of the property and the nature of the market for properties of the same kind;</p> <p>(c) the property was reasonably exposed to the market;</p> <p>(d) that no account is taken of any higher price that may be paid by a person with a special interest in the property; and</p> <p>(e) it will be assumed that the reasonable resources are available to negotiate the sale and expose the property.</p> <p>Valuations of all securities properties are to be undertaken on an 'as is' basis and for property developments, on both an 'as is' and 'as if complete' basis.</p> <p>The Responsible Entity must instruct an Approved Valuer to value any security property where the Responsible Entity considers it is in the interest of Unitholders to do so or where the Directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</p> <p>The Responsible Entity will ensure that if any real property mortgage proceeds beyond a three year period the Responsible Entity will check the valuation by obtaining an independent real estate agent's appraisal of the security property.</p>	

Function	Risks	Procedures	Monitoring of procedure
		<p>The Responsible Entity shall check with each Approved Valuer prior to formal engagement or valuation acceptance to ensure that there are no relevant areas of conflict or issues which will affect the independence of the Approved Valuer.</p> <p>Once a valuation of a Scheme Asset has been obtained then its value shall be recorded in the books of the Scheme on the approval of the MD.</p>	

# Schedule 1

## Organisational structure chart

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## Schedule 2

### Pro forma Compliance Committee meeting agenda

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- (a) Apologies;
- (b) Minutes from previous meeting;
- (c) Action Items from previous meeting;
- (d) CO's report including:
  - (i) significant events during the quarter;
  - (ii) AFSL conditions checklist [includes NTA and cashflow solvency report];
  - (iii) Compliance Plan Registers [includes Breach and Complaints Registers];
  - (iv) Compliance Plan checklists by Responsible Officers;
  - (v) correspondence with ASIC;
  - (vi) External Services Provider reports;
  - (vii) proposed amendments to the Compliance Plan, procedures or agreements; and
  - (viii) other matters;
- (e) Compliance Committee obligations;
- (f) Meeting dates; and
- (g) General.

# Schedule 3

Pro forma compliance report by Responsible Officer

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**Name** .....

**Position** .....

**Compliance Plan section reference** .....

**Period** .....

I confirm that the requirements of the above Compliance Plan section have been complied with throughout the period. In particular:

- (a) all procedures stated in the Compliance Plan section have been complied with;
- (b) all breaches of procedures have been reported to the CO;
- (c) all breaches of licence conditions have been reported to the CO;
- (d) I am not aware of any potential breaches of procedures that have not already been reported to the CO;
- (e) all changes to procedures have been reported to the CO and approved by the Compliance Committee;
- (f) I am not aware of any matter that may need to be disclosed to Unitholders or which may cause Unitholders to be disadvantaged; and
- (g) records exist to demonstrate compliance with the above.

[Signature]

[Date]

*Evidence to support any breaches to the above statements should be attached to this report.*

# Schedule 4

Pro forma Breach Report

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## **Compliance Plan Breach Report No: YY-YY/X/x**

*Reference number is audit year in which the breach occurred, the Compliance Plan section number followed by the sequential number for breaches reported for that section, e.g. for the second breach reported for valuations (Compliance Plan section 7.30) in the audit year ending 2017, the Breach Report Number would be 2016-2017/7.30/2.*

**Report date:**

**Name of Responsible Officer:**

**Position:**

**Date breach was detected:**

**Compliance Plan section relevant to breach:**

**Significance of breach:**

*Rate breach as very significant, significant or minor*

**Is the breach considered an isolated event or systematic?**

**Details of circumstances giving rise to the breach:**

*Attach supporting documents, if required, to fully explain effects of the breach and why the breach occurred.*

**Details of remedial action taken or recommendations to minimise effects of the breach:**

**Recommendation to report to ASIC:**

**Timing of rectification:**

**Potential cost:**

**How it will be actioned or why it will not be actioned:**

[Signature of Responsible Officer]

**Comments by Compliance Committee:**

**Action required:**

**Officer responsible for ensuring action is carried out:**

**Date for completing implementation of the Compliance Committee's recommendations:**

[Signature of the Chairman of the Compliance Committee]

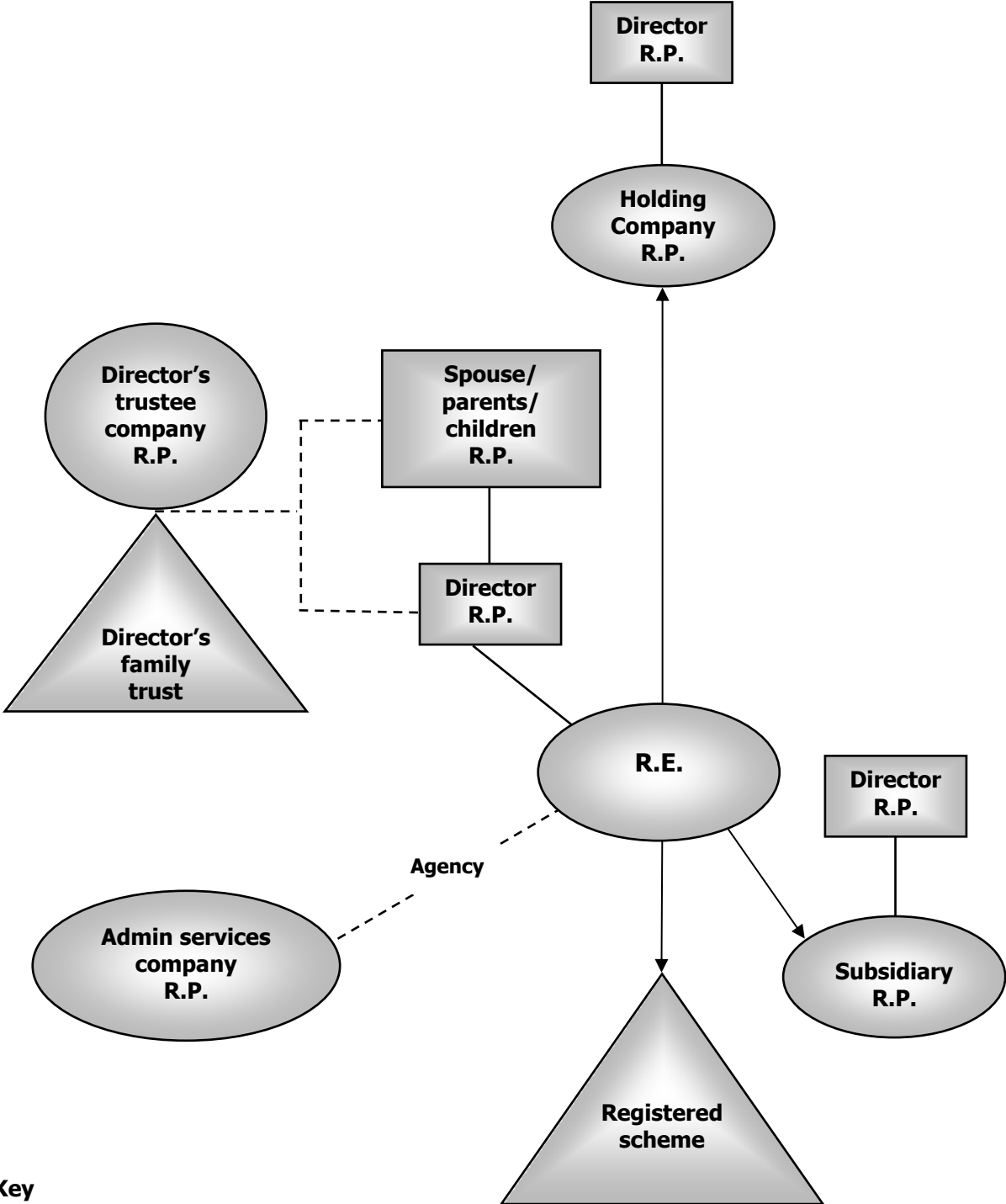


Schedule 4 - Pro forma Breach Report

To be signed by the Chairman when satisfied all issues raised have been resolved.

# Schedule 5

Related party examples

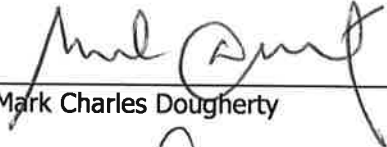


**Key**

R.P. = related party

# Execution

Executed by the directors of  
Westlawn Financial Services Limited ACN 141 420  
920:

  
^ \_\_\_\_\_  
Mark Charles Dougherty

  
^ \_\_\_\_\_  
Andrew Harry Hayes

  
^ \_\_\_\_\_  
Geoffrey Dean Scofield

  
^ \_\_\_\_\_  
Andrew Douglas Bennett